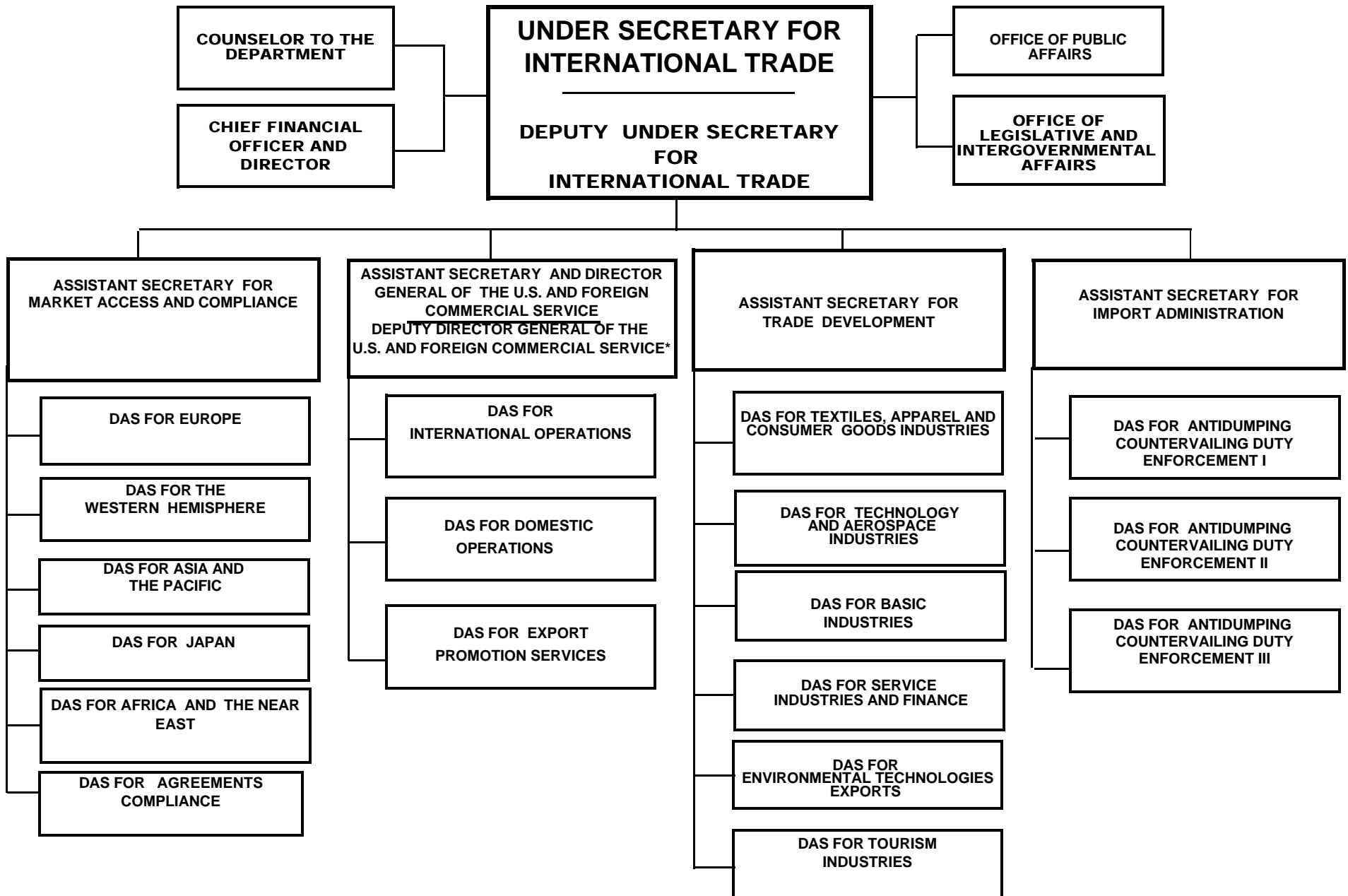


**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2001
President's Budget**

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U.S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION



**INTERNATIONAL TRADE ADMINISTRATION
BUDGET ESTIMATES, FY 2001
PRESIDENT'S BUDGET**

EXECUTIVE SUMMARY

Three strategic themes drive the Department of Commerce's FY 2001 Annual Performance Plan (APP) and support the Department's core mission of building a strong U.S. economy to provide a higher standard of living for every American. The International Trade Administration (ITA) contributes toward the accomplishment of one of DOC's three strategic themes; namely,

DOC STRATEGIC THEME #1

"Build for the future and promote U.S. competitiveness in the global marketplace, by strengthening and safeguarding the nation's economic infrastructure."

The FY 2001 APP also includes Secretary William M. Daley's priorities and initiatives. These priorities and initiatives serve as guideposts to gauge the performance of Commerce's most critical programs. The priorities and initiatives are important integrating mechanisms for the Department of Commerce, much like the strategic themes.

The three themes and the nine priorities and initiatives outlined in the APP represent significant actions by the Secretary and his leadership team to move the Department's varied functions in the direction of a more integrated organization. The FY 2001 APP, developed pursuant to the Government Performance and Results Act (GPRA) and integrated with the budget process, is the product of efforts to establish a more effective strategic planning and performance management process within the Department.

ITA participates in the implementation of four of DOC's nine Secretarial initiatives; specifically:

SECRETARIAL INITIATIVE

"Stimulating Manufacturing and Environmental Technology Exports"

Exports of American manufactured goods have slowed markedly as a result of global economic problems, prompting layoffs by U.S. manufacturing firms, and the loss of 499,000 net jobs in the manufacturing sector since March 1998. The purpose of this initiative - which builds on the President's initiative - is to expand and enhance export promotion efforts to reflect the new global realities and respond to increased export advocacy by other countries. DOC's contribution to the efforts of the President's Manufacturing Initiative are encompassed in ITA's requests for Increasing Manufacturers Exports through E-Exporting (see below in the "Accelerating the Transition to Electronic Commerce" section). Environmental technology exports will be stimulated by an increase request covering two ITA units and totaling 5 FTE and \$4 million.

To develop this Secretarial Initiative, ITA is requesting the following budget increase:

Clean Energy and Environmental Exports Initiative (TD - 4 FTE, +\$3,600,000 and US&FCS - 1 FTE, +\$400,000). Increasing exports of environmental technologies is a classic win-win proposition; it helps grow our economy and promotes a cleaner environment at the same time. ITA proposes a \$4 million initiative, in which we will work in partnership with NOAA and NIST in assisting American firms to take advantage of a rapidly growing world market. Currently, the U.S. is under represented in this market sector. We propose investing in training, outreach, and new staff to increase U.S. exports in a select number of key markets. In addition, this proposal would allow ITA to continue to participate in an interagency initiative to focus an array of trade promotion activities, across the Administration, on this opportunity. One of the purposes of this exercise is to develop a detailed road map to a doubling of environmental exports, which the Department will present to the President and Vice President.

SECRETARIAL INITIATIVE

“Enhancing the U.S. Statistical Infrastructure.”

Commerce is a premier statistical agency. This FY 2001 initiative will improve the information crucial to decision-making by businesses and policy makers. ITA strongly supports accurate and timely trade statistics to ensure the nation has a full accounting of the impact of trade. Therefore, 1 FTE and \$700 thousand are requested to collect critical data at the State, metropolitan and local level. Current data are biased towards larger metropolitan areas; small towns, cities and local governments will benefit from having more accurate data.

In support of this Secretarial Initiative ITA is requesting the following budget increase:

Exporter Data Base (EDB) Enhancement (1 FTE, +\$700,000). ITA’s Trade Development unit has developed this proposal to monitor the impact of trade on our Nation’s economy. We will capture vital information on export activity at the regional, state, metropolitan, and local levels, which currently is a critical gap in our understanding of the impacts of trade on the economy. This initiative will enable us to identify and characterize an estimated \$55 billion in new unmeasured exports.

SECRETARIAL INITIATIVE

“Accelerating the Transition to Electronic Commerce ”

The Department has released two reports that show the opportunities and challenges of the New Economy. While our *Emerging Digital Economy II* report showed that expansion in the information technology industry accounted for more than one-third of our Nation’s economic growth since 1995, our *Falling Through the Net III* report provided evidence that the gap between the technological “haves” and “have-nots” continues to grow for many parts of our society. The International Trade Administration’s E-Commerce initiative focuses on ensuring that information technologies remain an engine of economic growth and that we take more steps to close the digital divide in America.

ITA will be featuring an increasing array of e-commerce products, including virtual trade shows, on-line company matching systems, and video conferencing of American companies and prospective foreign clients. Additionally, ITA will assist exporters by bringing, in an automated mode, U.S. Government tariff/taxes and customs information services (for 60 countries) up-to-date and on a par with those offered by the European Commission to European exporters.

ITA has responded to the Department's directive to bring small and medium-sized enterprises (SMEs) into the global market via E-Commerce and the Internet. Trade shows and missions are expensive for the average SME to attend, and the lower cost of virtual trade shows will allow much more participation by businesses in under-served communities. In the future, ITA will explore the use of teleconferencing as a means of reaching clients and generating cost savings.

To develop this Secretarial Initiative, ITA is requesting the following budget increases:

Increasing Manufacturers Exports Through E-Exporting (TD- 5 FTE, +\$3,000,000; US&FCS- 7 FTE, +7,000,000). By reaching out to new customers and markets and delivering higher quality services to U.S. exporters, ITA's manufacturing export promotion proposal will increase U.S. manufacturing exports and help protect high-wage American jobs. We look forward to working with the President and Vice President's task force on manufacturing to further develop this initiative to assist SMEs penetrate global markets and sustain high-wage jobs in the manufacturing sector.

US&FCS E-Commerce Initiative (1 FTE, +1,600,000). The International Trade Administration will expand its virtual trade missions and trade shows to enable small and medium-sized enterprises that adopt e-commerce business models to increase exports to global markets.

SECRETARIAL INITIATIVE

"Promoting Native American Economic Development"

Although the country continues on one of the longest and strongest economic expansions in its history, Native Americans are one segment of the nation's population that has been consistently left behind. Among the most distressed in the country, Native American communities suffer from a poverty rate twice the national average, unemployment rates eight times higher than the national average, and a median income of less than two-thirds the national average.

To develop this Secretarial Initiative, ITA is requesting the following budget increase:

The Cultural Heritage Community Development Export Initiative (TD- 3 FTE, +\$4,000,000 and US&FCS - 0 FTE, +\$500,000). The International Trade Administration is proposing an initiative in response to the President's 1998 call for a renewed effort to promote economic prosperity in Native American and other communities through stimulation of increased American cultural heritage tourism. Our Native American project, to be conducted in conjunction with the Department of the Interior, is aimed at assisting Native Americans to benefit from the economic activities travel and tourism can bring as part of their overall economic development plans. In this regard, ITA will also continue to aid Native Americans to become exporters, enter new markets, and increase exports in established markets.

Bureau Specific Increase Request (not directly tied to specific Secretarial Initiative)

Trade Compliance Initiative (MAC- 57 FTE, +\$8,500,000 and IA - 66 FTE, +\$12,700,000) This major, multi-faceted initiative combines the efforts of MAC and IA to attack trade compliance and market access problems facing U.S. exporters. MAC's portion of the request targets compiling of evidence of particular trade law, trade agreement, and market access infractions world-wide, but with special attention given to China, Taiwan, Japan and the EU. Multilateral negotiations support will also be accomplished. The Import Administration portion will include deploying specially trained, experienced Attaches to key foreign markets to do ongoing, on-site AD/CVD verification and education, give technical support to headquarters management on Suspension Agreement Negotiations, and do market studies.

ITA's PERFORMANCE MEASURES

The GPRA also calls for performance measures which quantify achievement of the stated Goals and Objectives supporting the Plan's Strategic Themes.

EXHIBIT 3A (Summary of Goals, Objectives, and Performance Measures) outlines the Strategic Themes, the supporting Goals and Objectives, the responsible Program Unit(s), and the related Output and Outcome Performance Measures.

EXHIBIT 12 (Justification of Program and Performance) provides a table displaying statistical data for the Output and Outcome Performance Measures underpinning ITA's Goals and Objectives, for the period FY 1999 through FY 2002.

EXHIBIT 12A (Justification of Program and Performance) provides a brief definition of each of ITA's Output and Outcome Performance Measures.

INTERNATIONAL TRADE ADMINISTRATION
SUMMARY OF GOALS, OBJECTIVES AND PERFORMANCE MEASURES

Exhibit 3A

DOC Strategic Theme	ITA Goal	ITA Objective	Program Unit	Outputs	Outcomes
Build for the future and promote U.S. competitiveness in the global market place by strengthening and safeguarding the nation's economic infrastructure	Implement the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee	Strengthen trade advocacy, trade promotion, and the TPCC	Trade Development (TD)	#Projects \$Value (\$B) %Satisfied customers %Successful projects completed	\$Gross exports supported (\$B) #Gross jobs supported
		More closely align trade objectives with U.S. foreign strategy	TD Market Access and Compliance (MAC)	#Participations in multilateral meetings/negotiations/consultations #Participations in bilateral/regional negotiations #Participations in commissions and business development committees	(Outcomes calculated for USTR as prima agency. ITA recognized as providing support.)
	Increase trade assistance targeted to small- and medium-sized businesses	Provide an array of client-driven export promotion products and services designed to provide small- and medium-sized enterprises (SMEs) with worldwide market entry strategies.	TD MAC Commercial Services (CS)	#Counseling sessions #Clients % Satisfied customers # Matching services #Custom agency reports % Satisfied Customers # Reports Distributed # Trade Events # Firms % Satisfied Customers	# New-to-market firms # New-to-export firms \$ Gross exports supported #Gross jobs supported % that actually export
	Strengthen and institutionalize trade advocacy efforts	Continue emphasis on trade with the BEMs without losing focus on mature markets	TD CS	#Agreements %Satisfied customers %Contribution from Cooperators	\$Gross exports supported #Gross jobs supported
	Enforce U.S. trade laws and agreements to promote free and fair trade	Expand trade law enforcement and compliance monitoring	Import Administration (IA) MAC	#FTZ applications reviewed #Duty-free applications processed #Duty-free entries monitored #Potential petitioners counseled #AD/CVD investigations conducted \$AD/CVD orders issued to the U.S. Customs Service #Requests for Administration reviews processes #Administrative reviews conducted #Sunset reviews initiated #Disputes addressed	\$Gross exports (\$B) #Gross jobs supported \$Duty-free scientific equipment imported and made available to U.S. non-profit education/research institutions (\$M) \$Duty-free articles imported to improve quality of life for disabled individuals (\$) \$Value of market openings (\$B)

**INTERNATIONAL TRADE ADMINISTRATION
TRADE PROMOTION PERFORMANCE MEASURES**
(dollars in millions except where otherwise noted)

<u>Activity</u>	<u>Market Failure</u>	<u>Output</u>	<u>FY 1999 Actual</u>	<u>FY 2000 Est.</u>	<u>FY 2001 Est.</u>	<u>FY 2002 Est.</u>	<u>Outcomes</u>	<u>FY 1999 Actual</u>	<u>FY 2000 Est.</u>	<u>FY 2001 Est.</u>	<u>FY 2002 Est.</u>
1. Negotiating Open markets											
Multi-lateral Participations	Failure of Competition	# Multi-lateral Meetings/Negotiations /Consultations	956	1,584	1,699	1,699	[Outcomes calculated for USTR as primary agency. ITA recognized as providing support.]				
Bilateral/Regional Participations	Failure of Competition	# Participations in Bilateral/Regional Negotiations	2,710	3,472	3,767	3,767					
		# Participations in Commissions and Business Development Committees	118	92	102	102					
		# Disputes Addressed	879	360	409	409					
4. Providing Information, Counseling, and Export Assistance Services											
Counseling	Public Good or Information	# Counseling Sessions	296,769	292,822	288,479	288,479					
		# Clients	212,281	226,986	230,920	230,920					
	Asymmetry	% Satisfied Customers	N/A	N/A	N/A	N/A					
Generating and Providing Information	Public Good or Information	# Matching Services	1,627	1,548	1,624	1,624	# New-to-Export Firms	42,351	36,066	36,949	36,949
		# Custom Agency Reports	1,572	2,305	2,409	2,409	# New-to-Market Firms	67,835	64,914	66,187	66,187
	Asymmetry	% Satisfied Customers	N/A	N/A	N/A	N/A	\$ Gross Exports Supported(\$E	N/A	N/A	N/A	N/A
		# Reports Distributed	16,101	16,486	17,121	17,121	# Gross Jobs Supported	N/A	N/A	N/A	N/A
						% That Actually Export	N/A	N/A	N/A	N/A	
Trade Events	Public Good or Information	# Trade Events	392	406	417	417					
		# Firms	7,050	7,600	7,745	7,745					
	Asymmetry	% Satisfied Customers	N/A	N/A	N/A	N/A					
5. Government-to-Government Advocacy											
Advocacy Efforts	Failure of Competition	# Projects	600	650	680	680	\$Value of Market Openings(\$B	\$2.3	\$2.0	\$2.4	\$2.4
		\$ Value (\$B)	100	108	110	110	\$ Gross Exports Supported (\$I	\$9.8	\$10.5	\$11.0	\$11.0
		% Satisfied Customers	N/A	N/A	N/A	N/A	# Gross Jobs Supported	N/A	N/A	N/A	N/A
		% Successful Projects Completed	N/A	N/A	N/A	N/A					
7. Developing Foreign Markets for U.S. Goods and Services											
Market Development											
Cooperator Program	Public Good	# Agreements	9	7	7	7	\$ Gross Exports Supported	N/A	N/A	N/A	N/A
		% Satisfied Customers	N/A	N/A	N/A	N/A	# Gross Jobs Supported	N/A	N/A	N/A	N/A
		% Contribution from Cooperators	67	67	67	67					

INTERNATIONAL TRADE ADMINISTRATION
TRADE LAW ENFORCEMENT PERFORMANCE MEASURES (IA)
(dollars in millions except where otherwise noted)

<u>Activity</u>	<u>Market Failure</u>	<u>Output</u>	<u>FY 1999 Actual</u>	<u>FY 2000 Est.</u>	<u>FY 2001 Est.</u>	<u>FY 2002 Est.</u>	<u>Outcomes</u>	<u>FY 1999 Actual</u>	<u>FY 2000 Est.</u>	<u>FY 2001 Est.</u>	<u>FY 2002 Est.</u>
Trade Law Enforcement											
Review applications for new and expansion of FTZ	Public good	# of applications reviewed	60	75	80	90	\$ Gross exports (\$B)	18	18	19	20
							# Gross jobs supported	350,000	370,000	380,000	380,000
Process duty-free applications	Public good	# of applications processed	47	50	50	50	\$ Duty-free scientific equipment imported and made available to US non-profit educational/ research institutions (\$M)	13	16	17	17
Monitor duty-free entries	Public good	# of entries monitored	5,472	5,800	6,000	6,000	\$ Duty-free articles imported to improve quality of life for the disabled (\$M)	389	400	400	400
Counsel potential AD/CVD petitioners	Public good	# petitioners counseled	75	75	75	75					
Conduct AD/CVD investigations	Public good	# investigations conducted	33	20	16	16					
		# AD/CVD orders issued to US Customs Service	16	12	11	11					
Process requests for administrative reviews of AD/CVD orders	Public good	# requests processed	207	211	225	225					
Conduct AD/CVD administrative reviews	Public good	views conducted	101	83	121	121					
Initiate AD/CVD Sunset reviews	Public good	# reviews initiated	252	58	11	15					

**INTERNATIONAL TRADE ADMINISTRATION
TRADE PROMOTION
PERFORMANCE MEASURE DEFINITIONS**

Output Measures

Activity: Negotiating Open Markets

1. **# Multilateral Meetings/Negotiations/Consultations:** The number of formal, scheduled contacts (meetings, negotiations, consultations) with representatives of more than one foreign government aimed at opening markets.
2. **# Participations in Bilateral/Regional Negotiations:** The number of formal negotiations with representatives of one foreign government aimed at opening markets.
3. **# Participation in Commissions and Business Development Committees (BDC's):** The number of formal, scheduled meetings of trade commissions and business development committees aimed at opening markets, which ITA participates in.
4. **# Disputes Addressed:** The number of disputes between a U.S. firm or organization and a foreign government or foreign firm, where the aggrieved U.S. entity has petitioned the USG for assistance in resolving the matter. Also, the number of disputes between the USG and a foreign government or foreign firm.

Activity: Providing Information, Counseling and Export Assistance Services

5. **# Counseling Sessions:** The number of telephone conversations (in excess of 15 minutes) and personal visits in which an ITA representative provides useful information to a U.S. firm or organization regarding export of its goods and services an/or relevant U.S. trade law.
6. **# Clients:** The number of individuals in U.S. firms and organizations using ITA's trade counseling services during a given fiscal year.
7. **% Satisfied Customers:** The percentage of clients who respond to either comprehensive or random ITA surveys as being "satisfied" or "very satisfied" with the utility of the trade counseling services they received.
8. **# Matching Services:** The number of "Matchmaker" program and "Gold Key" services provided to U.S. firms and organizations (services consist of customized overseas searches for potential agents, distributors, licensees, franchisees, and joint venture partners in a structured environment that facilitates "deal making").
9. **# Custom Agency Reports:** The number of custom-tailored reports ordered by U.S. firms and organizations, which precisely meet their stated trade information needs; e.g., Agent/Distributor Services (ADS) reports, Customized Market Analysis (CMA) reports, etc.

10. **% Satisfied Customers:** The percentage of clients who respond to either comprehensive or random ITA surveys as being “satisfied” or “very satisfied” with the utility of the trade counseling services they received.
11. **# Reports Distributed:** The total number of paper or electronic documents, prepared by authorized ITA staffers, providing trade promotion and/or trade law enforcement information, supplied to ITA clients during a given fiscal year.
12. **# Trade Events:** The total number of trade events, which includes trade exhibitions, trade missions (Presidential, Secretarial, seminar, regular), reverse trade missions, trade fair certifications events, Matchmaker trade delegations, multi-state and catalog exhibitions, “Commercial News U.S.A.” events, International Buyer program shows, panel displays, and all other events organized, co-sponsored or with substantial involvement by ITA.
13. **# Firms:** The total number of firms participating in all trade events organized, co-sponsored or with substantial involvement by ITA, conducted during a given fiscal year.
14. **% Satisfied Customers:** The percentage of clients who respond to either comprehensive or random ITA surveys as being “satisfied” or “very satisfied” with the utility of the trade counseling services they received.

Activity: Government to Government Advocacy

15. **# Projects:** The number of major foreign project or procurement contract opportunities developed by any ITA’s program units and registered with the Advocacy Center and tracked in its database during a given fiscal year. Projects sponsored and advocated by multilateral development banks should not be counted. Also, when there is a new development in a project from a prior year, each time advocacy is provided in the current fiscal year, credit should be taken.
16. **\$ Value:** The estimated dollar value of exports to be generated by the foreign projects and procurement contracts, or portions thereof, for which U.S. firms are competing/bidding -- as distinguished from the total value of the projects and procurement.
17. **% Satisfied Customers:** The percentage of clients who respond to either comprehensive or random ITA surveys as being “satisfied” or “very satisfied” with the utility of the trade counseling services they received.
18. **% Successful Projects Completed:** The percentage of firms competing for foreign project and procurement contracts awarded to U.S. firms, as a result of ITA advocacy efforts, as compared to the total number of project and procurement contracts registered with the Advocacy Center and tracked in its database.

Activity: Developing Foreign Markets for U.S. Goods and Services

19. **# of Agreements:** The number of Market Development Cooperator grant awards made by ITA during a given fiscal year.
20. **% Satisfied Customers:** The percentage of clients who respond to either comprehensive or random ITA surveys as being “satisfied” or “very satisfied” with the utility of the trade counseling services they received.

21. **% Contribution From Cooperators:** The percentage of funds contributed by U.S. firms, as stipulated in their market Development Cooperator grant awards, as compared to the total investment, i.e., Federal plus corporate contributions, during a given fiscal year.

Outcome Measures

Activity: Providing Information, Counseling and Export Assistance Services

22. **# New-to-Export Firms:** The number of U.S. firms or organization, which made their first sales into a foreign market, with the assistance of ITA information, counseling, and documented export assistance services. The firm cited must not have exported in the last 24 months, or prior exports must have resulted from unsolicited orders, or have been received through a U.S.-based intermediary.
23. **# New-to-Market Firms:** The number of U.S. firms or organizations, with some existing level of export activity, which with ITA information, counseling, and documented export assistance services: (1) made sales into a new market, or (2) introduced a new product line into one of their existing markets. The firm cited must not have exported to a given market during the past 24 months or previous exports to a given market must have resulted from unsolicited orders, or have been received through a U.S.-based intermediary.
24. **\$ Gross Exports Supported:** The total dollar value of exports generated by U.S. firms and organizations, which have used either ITA information, counseling, or export assistance services. Data will be based on responses to either comprehensive or random ITA surveys and success stories.
25. **# Gross Jobs Supported:** The total number of estimated jobs generated by U.S. firms, which have used either ITA information, counseling, or export assistance services. Data will be based on latest available estimates of the number of jobs supported directly or indirectly by gross dollar value of exports.

Activity: Government to Government Advocacy

26. **\$ Value of Market Openings (\$B):** The dollar value of the markets which have been opened as a result of ITA's efforts in remedying trade compliance violations and resolving market access problems.
27. **\$ Gross Exports Supported:** The estimated dollar value of exports generated by U.S. firms and organizations, with the assistance of ITA advocacy efforts. Data will be based on responses to either comprehensive or random ITA surveys and success stories.
28. **# Gross Jobs Supported:** The estimated number of jobs generated by U.S. exporting firms and organizations, which have received the benefits of ITA advocacy efforts. Data will be based on responses to either comprehensive or random ITA surveys and success stories.
29. **\$ Gross Exports Supported:** The estimated dollar value of exports generated by U.S. firms and organizations, which have enjoyed the benefits of the Market Development Cooperator Program. Data will be based on responses to either comprehensive or random ITA surveys and success stories.

30. **# Gross Jobs Supported:** The total number of jobs generated by U.S. exporting firms and organizations, which have enjoyed the benefits of the Market Development Cooperator Program. Data will be based on responses to either comprehensive or random ITA surveys and success stories.

**INTERNATIONAL TRADE ADMINISTRATION
TRADE LAW ENFORCEMENT (Import Administration)
PERFORMANCE MEASURE DEFINITIONS**

Output Measures

Activity: Trade Law Enforcement

1. **# FTZ Applications Reviewed:** The number of applications processed for Foreign Trade Zone (FTZ) projects as well as zone expansions and subzones.
2. **# Duty-Free Applications Processed:** The number of application submitted by eligible non-profit institutions for duty-free entry of scientific and research instruments, apparatus, and equipment for educational and scientific purposes.
3. **# Duty-Free Entries Monitored:** The number of duty-free articles imported for use by disabled individuals.
4. **# Potential Petitioners Counseled:** The number of parties (firms, associations, state and local governments) which have been counseled by Import Administration staff regarding procedures and requirements for filing AD/CVD petitions.
5. **(a) # AD/CVD Investigations Conducted:** The number of AD/CVD investigations initiated and conducted.

(b) \$ AD/CVD Orders Issued to the U.S. Customs Service: Affirmative determinations in AD/CVD cases conducted by Import Administration, supported by injury determinations made by International Trade Commission, result in AD/CVD orders which direct the U.S. Customs Service to collect assessments.
6. **# Requests for Administration Reviews Processes:** The number of AD company-specific and CVD country-wide requests for administrative reviews processed by Import Administration
7. **# Administrative Reviews Conducted:** The number of AD company-specific and CVD country-wide administrative reviews conducted by Import Administration.
8. **# Sunset Reviews Initiated:** The number of AD/CVD orders, finding and suspended investigation initiated under the sunset provision contained within the Uruguay Round Agreements Act.

Outcome Measures

Activity: Trade Law Enforcement

9. **\$ Gross Exports (\$B):** the estimated annual value of merchandise exported to foreign countries from active foreign trade zones and subzones.
10. **# Gross Jobs Supported:** The estimated number of workers whose employment is believed to be supported by active foreign trade zones and subzones.
11. **\$ Duty-Free Scientific Equipment Imported and Made Available to U.S. Nonprofit Education/Research Institutions (\$M):** This is the estimated annual value of duty-free scientific and research instruments, apparatus and equipment for use by U.S. nonprofit education and research institutions.
12. **\$ Duty-Free Articles Imported to Improve the Quality of Life for Disabled Individuals (\$M):** The estimated annual value of duty-free articles imported for the benefit and use of disabled individuals.

Department of Commerce
International Trade Administration
Operations and Administration
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Page No.										Direct	Budget
										Obligations	Authority
ITA-17	2000 Appropriation										
	less: Obligations from prior years										
	plus: 2001 Adjustments to Base										
	less: Adjustment for unrequested grants										
	plus: Adjustment for fee restoration										
	2001 Base										
	plus: 2001 program changes										
	2001 Estimate										

**Department of Commerce
International Trade Administration
Operations and Administration
SUMMARY OF FINANCING
(Dollar amounts in thousands)**

	1999	2000	2001	2001	Increase/ (Decrease)
	Actual	Currently	Base	Estimate	
	Amount	Amount	Amount	Amount	Amount
Total Obligations	331,754	349,544	345,747	387,747	42,000
Financing:					
Offsetting collections from:					
Federal funds	(4,369)	(4,650)	(4,650)	(4,650)	0
Trust funds	0	0	0	0	0
Non-Federal funds	(9,955)	(25,950)	(25,950)	(25,950)	0
Recoveries	0	0	0	0	0
Unobligated balance, start of year	(16,115)	(11,496)	0	0	0
Unobligated balance, transferred	(10,793)	0	0	0	0
Unobligated balance, end of year	11,496	0	0	0	0
Unobligated balance lapsing	0	0	0	0	0
Budget Authority	302,018	307,448	315,147	357,147	42,000
Financing:					
Transferred to other accounts		0	0	0	0
Transferred from other accounts	(18,066)	0	0	0	0
Appropriation	283,952	307,448	315,147	357,147	42,000

**Department of Commerce
International Trade Administration
Operations and Administration
Adjustments To Base
(Dollar amounts in thousands)**

<u>Transfers:</u>	<u>FTE</u>	<u>Amount</u>
Transfer from NIST/STRS	2	750
Transfer from WCF to GA security	0	(804)
 <u>Adjustments:</u>		
Non-recurring costs related to grant programs:		
National Textile Center	0	(9,000)
Textile/Clothing Technology Corporation	0	(3,000)
Access Mexico	0	(255)
Center for Global Competitiveness	0	(500)
 <u>Other Changes:</u>		
2000 Par raise	0	1,573
2001 Pay raise	0	3,638
Full-year costs in 2001 of positions financed for part year in 2000	2	109
Within grade step increases	0	1,235
One less compensable day	0	(596)
Civil Service Retirement System (CSRS)	0	(338)
Federal Employees Retirement System (FERS)	0	190
Thrift Saving Plan (TSP)	0	79
Federal Insurance Contributions Act (FICA)- OASDI	0	320

<u>Transfers:</u>	<u>FTE</u>	<u>Amount</u>
Health Insurance	0	522
Employees Compensation Fund	0	(145)
Travel		
Common Carrier/travel Management Center	0	239
Rental payments to GSA	0	306
RRB International Trade Center space	0	1,890
Printing and reproduction	0	61
Other Services:		
Working Capital Fund	0	186
Working Capital Fund Restoration	1	1,205
Commerce Administrative Management System	0	783
Executive development & Leadership training (SES 2000)	0	155
Department of Interior accounting system	0	2,175
International Cooperative Support Service (ICASS)	0	2,900
Local guard security services overseas	0	2,000
NARA Storage Costs	0	(2)
Overseas wage increases FY 2000	0	994
Overseas price increases FY 2000	0	425
General Pricing Level Adjustment:		
Transportation of things	0	8
Rental payments to others	0	137
Communications, utilities, and miscellaneous changes	0	16
Other services	0	348
Supplies and materials	0	43

<u>Transfers:</u>	<u>FTE</u>	<u>Amount</u>
Equipment	0	52
Subtotal other changes	3	<u>20,508</u>
Total adjustments to base	5	<u>7,699</u>

Department of Commerce
International Trade Administration
Operations and Administration
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollars amounts in thousands)

Exhibit 9

	<u>FTE</u>	<u>AMOUNT</u>
<u>Transfers</u>		
Transfer from NIST/STRS	0	750
Reflects the transfer of \$750,000 from NIST for support of standards attaches in Brazilia, Mexico City, and Brussels previously funded on contract by NIST. House Report 105-207 directs that NIST not support any additional standards attaches. This role has been shifted to ITA which is establishing additional standards attache positions in other key emerging markets.		
Transfer from WCF to GA security (804)		0
A decrease of \$804,000 reflects a transfer to the General Administration appropriation of security costs previously funded by GA, WCF.		
<u>Adjustments</u>		
Add backs	0	(12,755)
<u>Other Changes</u>		
Pay Raises		5,211
Full-year cost of 2000 pay increase and related costs:		
A pay raise of 4.8% is effective January 2000.		
Total cost in 2001 of 2000 pay raise	3,770,000	
Less amount funded in 2000	2,715,000	
Less amount absorbed	<u>0</u>	
Amount requested in 2001 to provide full-year costs of		
2000 pay increase	1,055,000	
Payment to Working Capital Fund	<u>28,000</u>	
Total adjustment for 2000 pay increase	1,573,000	
 A general pay raise of 3.7% is assumed to be effective January 1, 2001		
Total cost in 2001 of pay increase	3,418,000	
Less amount absorbed in FY 2001	<u>0</u>	
Amount requested for 2001 pay increase	3,418,000	
Payment to Working Capital Fund	<u>220,000</u>	

Total, adjustment for 2001 pay increase 3,638,000

FTE **AMOUNT**

Full-year cost in 2001 of positions financed for part - year in 2000

2 109

An increase of \$109,065 is required to fund the full-year cost in 2001 of positions financed for part-year in 2000

The computation follows:

Annual salary of new positions in 2001	43	205,564
2001 Pay raise		9,867
Less 5 percent lapse	0	(10,772)
Full year cost of personnel compensation in 2001	43	204,569
Less personnel compensation in 2000	41	-161,573
Subtotal personnel compensation	2	43,086
2001 pay raise 3/4 of year		1,197
Benefits		64,782
Total adjustments to base	2	109,065

Within-grade step increase

0 1,235

An increase of \$ 1,235,119 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 2001.

GS/GM:

Estimated number of within-grade step increases	845
Step increases not earned due to turnover (13.60% X 845)	115
Average step above step 1 per separation	3
Average cost per scheduled within-grade step increases	1,610
Gross cost of scheduled step increases (\$1,610 X 845)	1,360,450
Less savings due to separations (\$1,536 X 107 X 3)	(555,450)
Subtotal, personnel compensation	805,000
Benefits	135,279
Total, adjustment- to-base GS/GM	940,279

Foreign Service:

Estimated number of within-grade step increases	134
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Step increases not earned due to turnover (5.2% X 134)	7
Average step above step 1 per separation	3
Average cost per scheduled within-grade increases	2,123
Gross cost of scheduled step increases (\$ 2,123-X 134)	284,482
Less savings due to separations (\$2,123 X 7 X 3)	(44,583)
Subtotal, personnel compensation	239,899
Benefits	54,941
Total, Adjustment-to-Base Foreign Service	294,840
Total, adjustment-to-base within-grade step increases	1,235,119

One Less Compensable Day in FY 20001 0 (596)

Personnel Compensation	<u>2000 Estimate</u>
11.1 Full-time Permanent	124,405,000
11.3 Other Than full-time Permanent	<u>5,055,000</u>
Total, personnel compensation	129,460,000
Divided by number of days in FY 2000	261
Adj. to base for personnel compensation	(496,015)
12.1 Benefits	
Civil Service Retirement	3,047,000
FERS	7,614,000
Thrift Savings Plan	2,229,000
F.I.C.A.	5,936,000
Life Insurance	194,000
Other (Overseas Benefits)	<u>7,031,000</u>
Total Benefits	26,051,000
Divided by number of days in FY 2000	261
Adj to base for benefits	(99,812)
Total FY 2001 Adjustment to base	(595,827)

Civil Service Retirement System (CSRS). 0 (338)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 39.0% in 2000 to 35.0% in 2001 for regular and foreign service employees. Contribution rates will be 8.51% for regular employees and 8.51% for foreign service employees.

Regular:	
2001 \$80,688,000 x .350 x .0851	2,403,292
2000 \$80,688,000 x .390 x .0851	<u>2,677,954</u>
Subtotal.	(274,662)
Foreign Service:	
2001 \$18,603,000 x .350 x .0851	554,090
2000 \$18,603,000 x .390 x .0901	<u>617,415</u>
Subtotal	(63,315)
Total adjustment to base	(337,977)

Federal Employees Retirement System (FERS).

0 190

The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 61.0% in 2000 to 65.00% in 2001 for regular and foreign service employees. The contribution rate will be 10.7% in 2001 for regular employees. For Foreign service employees, the contribution rate will be 20.34 in 2001.

Regular:	
2001 \$80,688,000 x .650 x .107	5,611,850
2000 \$80,688,000 x .610 x .107	<u>5,266,506</u>
Subtotal	345,344
Foreign Service:	
2001 \$18,603,000 x .650 x .2034	2,459,503
2000 \$18,603,000 x .610 x .2304	<u>2,614,540</u>
Subtotal	(155,037)

Total adjustment to base.	190,307
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Thrift Savings Plan (TSP)

0

79

The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain at 2%.

Regular and Foreign Service:

2001 \$99,291,000 x .650 x .02

1,290,783

2000 \$99,291,000 x .610 x .02

1,211,351

Total adjustment to base

79,432

Federal Insurance Contribution Act (FICA)

0

320

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from \$73,275 in 2000 to \$78,450 in 2001. The contribution rate will remain 6.2% in 2000.

Regular:

2001 \$80,688,000 x .650 x .9730 x .062

3,163,930

2000 \$80,688,000 x .610 x .9700 x .062

2,960,072

Subtotal

203,858

Foreign Service:

2001 \$18,603,000 x .650 x .9310 x .062

697,972

2000 \$18,603,000 x .610 x .9120 x .062

641,652

Subtotal

56,320

Other than Permanent; Regular Salaries

2001 \$23,794,000 x .650 x .9730 x .620

933,008

2000 \$23,794,000 x .610 x .9700 x .620

872,892

Subtotal

60,116

Total Adjustment to Base

320,294

Health Insurance

0

522

Effective January 1999, this bureau's contribution to Federal employees' health increase premiums increased by 12.1% Applied against the 2000 estimate of \$4,310,000, the requested increase is \$521,510.

<u>Employees Compensation Fund</u>	0	(145)
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The Employee's Compensation Fund bill for year ending June 30, 1999 is \$145,000 lower than the bill for June 30, 1998. The changes will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.

<u>Rental Payments to GSA</u>	0	306
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An \$305,550 increase reflects an anticipated rate increase of 2.1% over the FY 2000 cost for GSA rent from the General Services Administration. This percentage was applied to the base estimate of \$14,550,000.

<u>National Archives and Records Administration</u>	0	(2)
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A decrease of \$2,000 is requested to fund ITA's costs for the National Archives and Records Administrative storage costs.

<u>Common Carrier Travel Management Center</u>	0	239
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The Commerce-wide contract for travel services support expires in October 1999. The new contract will cost an additional \$2 million per year Department-wide. ITA's share of this increase is estimated at \$239 thousand.

<u>International Trade Center Space</u>	0	1,890
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ITA has been advised by the Department's Office of Real Estate Policy and Major Programs that beginning in FY 2001, the space in the International Trade Center, located in the Ronald Reagan Building will be charged rent and operating costs. This amount of \$1,889,930 is requested as an adjustment to base.

<u>Department of Interior Accounting System (DOI)</u>	0	2,175
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ITA has been required to outsource accounting services in order to meet the Secretary's clean audit requirement. The cost for DOI's services is \$2,175,000.

<u>Executive Development and Leadership Training (SES 2000)</u>	0	155
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This allowance of \$155,000 reflects the \$5 thousand costs for each of the 31 Senior Executive Service employees currently on board in ITA.

<u>International Cooperative Support Service (ICASS)</u>	0	2,900
In fiscal years 1998 - 2,000 \$19,347,000 (1997 Bill \$12,558,000 + State transfer \$6,789,000 has been included in ITA's budget for ICASS expenses. However, the expenses have increased markedly over that amount. In FY 1998, the bill was \$20,300,000 in FY 1999 \$21,400,000 and FY 2000 it is estimated to be \$22,337,000. ITA requires an adjustment to base of 2,900,000 for FY 2001.		
<u>Local Guard Services</u>	0	2,000
After the passage of the Security Supplemental funding legislative in FY 1998 representatives from the State Department's Bureau of Diplomatic Security estimated that local guard service costs would triple over the FY 1998 levels. In FY 1998, ITA paid \$1,000,000 for residential and non-residential local guard services. The FY 2001 estimate for these service is \$3,000,000 necessitating a request of an adjustment to base of \$2,000,000.		
<u>GPO Printing</u>	0	61
GPO has provided an estimated rate increase of 3.3%. This percentage was applied to the 2000 domestic printing estimate of \$1,863,000 to arrive at an increase of \$61,479.		
<u>Working Capital Fund</u>	0	186
An increase of \$186,000 is required to fund cost increases in the Department working capital fund to maintain the current level of operations.		
<u>Working Capital Fund Restoration</u>	0	1,205
An increase of \$1,205,000 is required to fund costs increases in the Department working capital fund restoration.		
<u>Commerce Administrative Management System.</u>	0	
783		
An adjustment of \$783,000 is requested to reflect a increase in costs in the Department-wide Commerce Administrative Management System (CAMS).		
<u>Overseas Wage Increases FY 2000.</u>	0	994
The FSN salary increase is for wage adjustments in 64 countries based on calculations using econometric forecasting methodology. The FY 2000 fiscal plan amounts for each country		

are determined. Econometric forecasting is then utilized to determine two components by country: A) the percentage change in wages; and B) the forecasting of FY 2000 and FY 2001 exchange rates. This data is then converted into an anticipated percentage increase factor for wages. In cases where data is unavailable, historical information is utilized to obtain a percentage factor. Once percentage factors are chosen for each country, the total \$994,000 is utilized as the anticipated adjustment to base.

Step 1: Fiscal Plan FSN wages are calculated including benefits

Step 2: Econometric modeling determines:

A: Percentage increase in wages; and

B: Forecast of FY 2000 and FY 2001 exchange rates.

Step 3: Econometric modeling utilizing the data above determines a percentage factor to forecast an adjustment to base for FY 2001.

Adjustment to Base Overseas Wage Increase for 2000 of \$250,122.

Overseas Price Increase FY 2001. 0 425

The overseas price increase is based on anticipated overseas price increases in 2000 of the countries in which ITA conducts operations. The percentages used were obtained via the same methodology outlined for the Foreign Service Nationals Wage increases.

Step 1: Fiscal Plan increases for Other Objects, FAAS, Temporary Living Allowances, and U.S. Allowances are calculated.

Step 2: Econometric modeling determines:

A: Percentage increase in prices; and

B: Forecast of FY 2000 and FY 2001 exchange rates.

Step 3: Econometric modeling using the data determines a percentage factor to forecast an adjustment to base for FY 2001.

Adjustment to Base Overseas Price Increases for 2001 of \$425,000.

<u>General Pricing Level Adjustment</u>	0	604
<p>This request applies OMB economic assumptions for 2001 to sub-object classes where the prices that the Government pays are established through the market system. Factors are applied rental payment to other (\$137,160); to transportation of things (\$8,475); communications, utilities, and miscellaneous charges (excluding postage) (\$16,395); other services (excluding DOC's GA and WCF Payments) (\$347,880); Supplies and materials (\$43,215); and equipment (\$51,555). The total 2001 ATB requested is \$604,680.</p>		
<u>Transportation of things</u>	0	8
<u>Rental payments to others</u>	0	137
<u>Communications, utilities, and miscellaneous changes</u>	0	16
<u>Other services</u>	0	348
<u>Supplies and materials</u>	0	43
<u>Equipment</u>	0	52
<u>Subtotal, Other Changes</u>	<u>3</u>	<u>20,508</u>
<u>Total Adjustments to Base</u>	5	7,699

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: **International Trade Administration**
 Subactivity: **Trade Development**

		1999		2000		2001		2001		Increase/	
		Actual		Currently Available		Base		Estimate		(Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
<u>Line Item</u>											
Management and Policy	Pos./BA	86	8,695	86	8,981	86	9,309	93	12,309	7	3,000
Coordination	FTE/Obl.	76	9,250	76	9,007	76	9,309	81	12,309	5	3,000
Sectoral Analysis	Pos./BA	309	43,190	309	46,646	309	35,092	319	42,692	10	7,600
	FTE/Obl.	281	45,308	281	46,678	281	35,092	288	42,692	7	7,600
Trade and Economic	Pos./BA	50	6,221	50	6,204	50	6,398	52	7,098	2	700
Analysis	FTE/Obl.	45	6,443	45	6,214	45	6,398	46	7,098	1	700
Direct Obligations	Pos./BA	445	58,106	445	61,831	445	51,095	464	62,395	19	11,300
	FTE/Obl.	402	61,001	415	61,899	402	51,095	415	62,395	13	11,300

**Department of Commerce
International Trade Administration
Operations and Administration**

**JUSTIFICATION OF PROGRAM AND PERFORMANCE FOR
TRADE DEVELOPMENT**

Goals and Objectives for FY 2001

Goals: The following Trade Development goals relate to Theme #1 from the Department's Strategic Plan.

- o To increase U.S. exports by strengthening advocacy and trade promotion and by increasing assistance to small- and medium-sized enterprises.
- o To increase America's competitiveness in the world economy by advancing U.S. exporters' interests in foreign markets.

Objectives: Trade Development (TD) focuses on the capabilities of, and challenges facing U.S. industry. TD's industry expertise -- which is found nowhere else, inside or outside the Federal Government -- is of immense value to U.S. companies seeking to obtain greater access to foreign markets and to increase their foreign market share. TD specific industry expertise is also critical to understanding policy effects on industry and in formulating various policies which affect industry.

TD industry analysts use their expertise to implement a number of activities to advance Departmental and Administration goals:

- o provide aggressive, coordinated, high-level U.S. Government advocacy to level the playing field on behalf of U.S. exporters in the global competition for foreign projects and contracts;
- o play a major role in negotiating and enforcing compliance with international sectoral trade agreements leading to the opening of world markets to U.S. goods and services;
- o build effective public/private partnerships for sectoral initiatives to achieve success in the highly complex international marketplace of the 21st century;
- o articulate the concerns, interests and needs of U.S. industries to U.S. government officials engaged in multilateral and bilateral trade negotiations;
- o provide industry-specific analyses to ensure that trade agreements benefit American industry and the U.S. economy;
- o produce quality, customer-driven analyses and promotional activities to identify trade, finance and investment opportunities, discern positive and negative factors influencing U.S. competitiveness in foreign markets and assist U.S. firms in furthering their export marketing objectives; and
- o provide timely and accurate sectoral information to ITA's domestic and foreign field networks to increase their ability to provide higher quality export promotion and finance programs to American firms.
- o serve as Head of Delegation to various international commodity organizations, agreements and negotiations.

Base Program

Management and Policy Coordination: This area provides central management, through the authority of the Assistant Secretary, to ensure policy and program consistency throughout TD and ITA. It includes the immediate staff of the Assistant Secretary, the Office of Planning, Coordination and Resource Management (OPCRM), the Office of Export Promotion Coordination (OEPC), and the Advocacy Center.

OPCRM coordinates and facilitates the development and implementation of goals and strategic plans for TD's sectoral initiatives; prepares cross sectoral economic policy analyses; manages assignments for the Assistant Secretary, including reports requested by other agencies; develops methodologies to evaluate TD programs and services; and leads TD's efforts to develop performance measures that comply with the Government Performance and Results Act of 1993.

OPCRM also operates the Market Development Cooperator Program (MDCP). The MDCP is a competitive matching grant program that provides Federal assistance to non-profit export multipliers such as states, trade associations, chambers of commerce, world trade centers and other industry groups that are particularly effective in reaching and assisting small- and medium-sized enterprises (SMEs). MDCP awards help to underwrite the start-up costs of exciting new export marketing ventures which these groups are often reluctant to undertake without Federal Government support. The MDCP recognizes that pooling Federal, state and private resources will have a synergistic effect in the international marketplace. Since its inception, the MDCP has generated (or will generate by the conclusion of currently funded projects) nearly \$2 billion of U.S. exports (based on Cooperator annual reports). Tens of thousands of SMEs have taken initial or additional export actions as a result of their participation in MDCP project activities. The MDCP has been a potent catalyst to spur private sector investment in export marketing. When funded projects are completed, the private sector will have invested over \$38 million to develop foreign markets. The MDCP delivers a return on investment of over \$2,500 in exports for every Federal dollar invested.

OEPC provides central direction to TD's export promotion program which includes analyzing comparative export potential for U.S. products in overseas markets for use by ITA and other Federal Government staff and for publications available to the public. It also includes helping TD's industry sectors evaluate export promotion activities; coordinating TD's trade event program with that of the rest of ITA; organizing cross sectoral trade events for special under-represented SMEs and women and minority owned firms; assisting cross sectoral trade intermediaries in publicizing export-related information and resources to new exporters; developing new trade promotion and export information programs; training and guiding ITA staff in selecting and carrying out activities tailored to specific markets and industries; and coordinating special customer-driven overseas export promotion initiatives.

OEPC manages the Trade Information Center (TIC), which provides comprehensive Federal export assistance information via a toll-free line, 1-800-USA-TRADE. The TIC staff advise exporters, mostly SMEs, on how to locate and use Government programs, guide them through the export process, and provide country and regional counseling, commercial information and referrals.

In an effort to identify U.S. industry's trade policy and promotion needs and concerns, OEPC manages a number of public/private partnership activities. These include (1) the Industry Consultations Program (including 17 Industry Sector and three Functional Advisory Committees on Trade Policy Matters, a Committee of Chairs, and a Trade Advisory Center); and (2) the President's Export Council. OEPC also administers a Small Business Program which ensures that small business needs are considered in trade policy and promotion decision-making, provides outreach to SMEs and women- and minority-owned enterprises, and coordinates ITA's small business services. OEPC also works with a cross sectoral SME Market Development Cooperator to further its export activities.

The Advocacy Center helps U.S. exporters to win foreign government procurement contracts. In pursuit of this goal, the Advocacy Center performs several roles to assist the U.S. private sector. The Center works with TD sector offices, the Commercial Service, our U.S. embassies abroad, MAC country offices, TPCC member agencies, and U.S. bidders to determine the appropriateness of advocacy on particular bids and develops advocacy strategies for the projects. The Advocacy Center facilitates high level U.S. Government advocacy using various tools such as letters, telephone calls, visits and occasional trade missions.

Summary of Workload and Performance Data

<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>

Advocacy projects receiving support	600	650	680
Value of Advocacy projects undertaken (\$ billion)	\$100	\$108	\$110
Market Development Cooperator Program Cooperative Agreements	9	7	7
Contribution from Cooperators	67%	67%	67%

Sectoral Analysis--The Sectoral Analysis subactivity promotes the interests of U.S. exporters in the following industry groups--(1) Basic Industries, (2) Service Industries and Finance, (3) Technology and Aerospace Industries, (4) Environmental Technologies Exports, (5) Textiles, Apparel and Consumer Goods Industries, and (6) Tourism Industries by:

- o analyzing and reporting on the status of covered industries in domestic and international markets;
- o developing trade policy initiatives, monitoring compliance with sectoral trade agreements and analyzing policy proposals from an industry perspective; and
- o carrying out international market development activities to facilitate U.S. firms' market penetration where a compelling need for Government help is identified.

U.S. exporters and potential exporters benefit from these efforts, both directly and indirectly, through improved program delivery from all providers of export information including Federal, state and local governments, private sector firms, and industry associations. TD's strong customer orientation allows it to sustain a strong link and balance between the three facets of its activities. TD's industry specialists establish productive relationships with sector-specific ISACs, trade associations and other industry organizations to ensure that industry views are considered in U.S. trade policy development.

TD's industry specialists are the Federal Government's experts on the status of, and prospects for, U.S. industries. They collect and analyze a variety of data, including production, costs, prices, financial and labor conditions, technological advances, distribution, markets (both foreign and domestic), trade patterns and other factors in order to understand and support U.S. industries. Based on their analyses of these data, TD industry specialists prepare forecasts for U.S. industries or industry sectors. Tourism Industries conducts primary data collection to provide market intelligence to SMEs, trade specialists, other trade agencies and the Bureau of Economic Analysis which uses the data in configuring the GDP and the U.S. trade balance. Industry-specific home pages are available on the Internet, covering many topics of interest to industry.

Sector group industry specialists apply their extensive industry knowledge (and knowledge of industry perspectives on issues), to a wide variety of policy-related activities. These activities include participating in the development of policy positions and negotiating strategies for use in multilateral and bilateral negotiations; providing analyses and policy development to support Administration initiatives to ensure compliance with trade agreements and the removal of unfair trade practices; managing advisory committees; analyzing and commenting on (for the Administration's use) proposed product/services-specific trade legislation; making findings of reciprocal treatment in the application of excise taxes and customs duties for aviation supplies and equipment to provide air carriers exemption from these charges abroad; participating in trade negotiations where industry competence and knowledge are essential to achieving U.S. objectives; monitoring compliance with sectoral trade agreements; assessing obstacles, threats and opportunities regarding U.S. trade issues on an industry basis, including selective cross-industry analyses; and providing the data that defines what international travel exports and imports mean to the country and the states and cities within the U.S.

In addition to the activities described above, TD industry specialists prepare a number of specific reports, including a minerals and mining study and forest products studies mandated by Congress; studies on the coal industry as part of the implementation of the National Coal Export Policy; studies and reports mandated by the International Security and Development Cooperation Act of 1985 (P.L. 99-83) and Section 126 of the Export Administration Act of 1985 (P.L. 99-64); analyses for the National Security Council on strategic stockpile substitution; and over 100 Strategic Stockpile Planning Reports prepared annually for the Federal Emergency Management Agency (FEMA). Under the Defense Production Act, the industry specialists conduct several mandatory surveys for use in Mobilization Planning. Special competitiveness studies and reports also are prepared, published and made available to industry, other government agencies, the Congress and the public on a regular basis.

To support these efforts, the sector groups work closely with the seventeen Industry Sector Advisory Committees, consultative bodies made up of private-sector authorities which advise on policy issues affecting specific industries. The committee members, often company Presidents, CEO's or other high-ranking company and association officials, provide valuable industry insight and recommendations on particular policy issues and help ensure that industry's voice is heard in policy debates.

Examples of specific policy initiatives and trade negotiations to which sector group industry specialists continue to make an important contribution include:

- S NAFTA implementation,
- S the U.S.-China Joint Commission on Commerce and Trade,
- S the U.S.-China Housing Initiative,
- S the U.S.-Japan Major Projects Agreement,
- S the U.S.-Japan Automotive Agreement,
- S the U.S.-Japan Insurance Agreement,
- S the U.S.-Japan Paper Agreement,
- S the U.S.-Japan Housing Initiative,
- S the U.S.-Japan Forest Products Initiative,
- S the U.S.- Korea Automotive Memorandum of Understanding,
- S Honduras Reforestation Initiative,
- S GATT Agreement on Trade in Civil Aircraft,
- S U.S.-European Union Bilateral Agreement on Trade in Large Civil Aircraft,
- S Space Launch Vehicle Agreements with Russia, Ukraine and China,
- S the Semiconductor Agreement,
- S the Japan Computer and Supercomputer Agreements,
- S Information Technology Agreement implementation,
- S textile trade agreements under the WTO Agreement on Textiles and Clothing,
- S annual review of telecommunications trade agreement under Section 1377 of the 1988 Trade Act,
- S Super 301, Special 301 actions, and Section 301,
- S Organization for Economic Cooperation and Development (OECD) insurance committee and information, computer and communications policy committee deliberations,
- S White House Steel Initiative,
- S OECD Steel Committee,
- S International Natural Rubber Agreement,
- S International Copper, Rubber, Lead and Zinc Study Groups,
- S Aviation and maritime bilateral and multilateral negotiations,
- S APEC EVSL (Early Voluntary Sectoral Liberalization),
- S APEC Mutual Recognition Agreement (MRA) negotiations on telecommunications equipment,
- S WTO General Agreement on Trade in Services (GATS), and
- S WTO agreement on basic telecommunications services.

The sector groups also undertake a wide variety of international market development activities such as planning, organizing, and recruiting participants for trade promotion events overseas (trade missions, trade fairs, etc.) managed by the sectors and/or US&FCS overseas posts; supporting Business Development Committees and other similar bilateral groups (e.g. Russia, China, South Africa, India); organizing and/or participating in domestic export conferences and seminars to promote industry awareness of foreign market opportunities; publishing industry-specific studies and other research on U.S. competitiveness in specific foreign markets; monitoring countertrade trends, publishing lists of commercial opportunities involving countertrade and representing Commerce at meetings of the Interagency Group on Countertrade; advancing the interests of the

U.S. business community at meetings of the Eximbank and OPIC Boards of Directors; and administering the Export Trading Company Act of 1982, as well as implementing special initiatives in support of the ETC Act, U.S. export intermediaries and joint exporting on the part of U.S. firms, especially small and new-to-market companies.

Summary of Workload and Performance Data

	<u>FY 1999</u> <u>Actual</u>	<u>FY 2000</u> <u>Estimate</u>	<u>FY 2001</u> <u>Estimate</u>
<u>Providing Information, Counseling and Export Assistance Services:</u>			
Counseling sessions	49,843	49,985	51,862
Clients counseled	55,654	55,300	57,874
Number of Custom Agency Reports	166	165	169
Number of Reports distributed	2,867	3,252	3,437
Number of trade events	77	79	80
Number of firms	1,050	1,100	1,120
<u>Negotiating Open Markets:</u>			
Number of multilateral meetings/negotiations/consultations	254	284	299
Number of bilateral meetings/negotiations/consultations	505	572	567
Number of Commission or Business Development Committee sessions . .	41	47	52
Disputes Addressed	108	110	109

Trade and Economic Analysis: As ITA's primary unit for macroeconomic trade, international investment and inter-industry analysis and forecasting, Trade and Economic Analysis (TEA) conducts major economic studies to assist the Federal Government and private sector in developing and implementing export development activities and policies, and assesses the competitiveness of U.S. industries, especially the impact on international trade. TEA works in cooperation with the TD sector groups and other ITA units to combine methodological and issue-specific expertise.

TEA is responsible for U.S. Government representation, analysis and support for the OECD Industry Committee and coordination of DOC participation on the Committee on Foreign Investment in the United States (CFIUS), including the national security reviews mandated by the Exon-Florio provisions of the Omnibus Trade Act of 1988. On the basis of expert advice from TD industry specialists, TEA conducts high quality economic and trade analysis to ensure that U.S. industry interests are fully represented in trade policy initiatives. Senior decision makers in the Department, as well as the United States Trade Representative (USTR), rely on this analysis to set priorities and develop strategies. Specifically, TEA analysis supports the Administration's efforts to: (1) open foreign markets for U.S. exports in trade negotiations affecting more than one industry; (2) monitor and enforce existing trade agreements applicable to more than one industry; (3) implement U.S. trade statutes; and (4) improve the competitiveness of U.S. industry.

TEA provides analysis and information to various Commerce units, the entire U.S. Government trade community and the U.S. business community through a combination of computer-based delivery systems, microfiche and printed materials. The Trade Policy Information System (TPIS) supplies automated detailed trade and related economic data to the U.S. trade community. Additionally, TEA provides private sector and USG analysts with recent trade and economic data for the United States and its trading partners.

In a joint effort with a private sector participant and other TD offices, TEA develops, publishes and disseminates the new U.S. Industry and Trade Outlook, a successor to the annual U.S. Industrial Outlook. This publication provides historical and forecast data on a comprehensive set of U.S. industries and identifies the factors influencing sector developments.

TEA is also responsible for compiling and disseminating data on U.S. exports at the state and local levels, and on the Exporter Data Base (EDB), that identifies the numbers, export levels, industry focus, and geographic location of U.S. exporters. These data support multilateral and bilateral U.S. trade policy initiatives and the varied export development efforts of the U.S. Government, state and local agencies and private sector businesses.

TEA publishes analyses and data for a wide range of U.S. manufacturing and service industries. Study topics include competitive trade performance, international direct investment developments and prospects for U.S. exports and imports.

Finally, TEA maintains a comprehensive web site containing current and historical data on U.S. foreign trade and industry sectors, including the data formerly published in U.S. Foreign Trade Highlights, historical industry sector data published in the U.S. Industry and Trade Outlook and the Statistical Abstract of the United States, and state and metropolitan area export data.

Summary of Workload and Performance Data

	FY 1999 <u>Actual</u>	FY 2000 <u>Estimate</u>	FY 2001 <u>Estimate</u>
Exon-Florio national security reviews of FDI transactions	67	70	70
Number of data accessions using TPIS	9,000	9,500	10,000
Trade reference room visitors	1,220	1,200	1,200
Evaluations of U.S. Trade Performance	12	12	12

Department of Commerce
International Trade Administration
Trade Development
INCREASE FOR FY 2001
Increasing Manufacturers Exports Through E-Exporting
(Dollar amounts in thousands)

		<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Management and Policy Coordination	POS/BA	86	9,309	93	12,309	7	3,000
	FTE/Obl	76	9,309	81	12,309	5	3,000

NOTE: This increase is one of two portions of the Increasing Manufacturers Exports Through E-Exporting initiative totaling 12 FTE and \$10,000,000. The other portion can be found in the U.S. and Foreign Commercial Service section of this budget submission.

Increasing Manufacturers Exports Through E-Exporting (5 FTE, +\$3,000,000) - U.S. manufacturing businesses, especially small- and medium-sized enterprises (SMEs), are critical to U.S. economic vitality and global competitiveness. Although SMEs account for over 96 percent of all U.S. exporters, the dollar value of their exports account for *less than one third* of total U.S. merchandise exports. SMEs represent a broad opportunity for increased export sales and export-related job creation.

Preparing and positioning SME manufacturers to compete in an increasingly competitive international trade environment is a high Administration priority. This initiative launches a comprehensive E-Commerce program to close the gap between manufacturer export potential and actual performance and deploys a next-generation trade promotion strategy made possible by E-Commerce. This initiative aligns Federal export promotion programs and strategies with the underlying industry trends and the global commercial environment emerging through E-Commerce. It incorporates in one program U.S. competitive strength and ‘comparative international advantage’ in advanced technology and communications, the new business framework arising from E-Commerce, the untapped export potential of SMEs, and the economic muscle of SMEs based on overall U.S. economic performance.

E-Commerce is the foundation of this initiative because it is a genuinely new and transforming method of service delivery that responds directly to the many historical and structural reasons SME manufacturers do not aggressively pursue international markets. These reasons include: geographic distance; additional time and cost perceived for international transactions; difficulty in identifying and evaluating overseas business partners; perceived risk; habitual focus on the local U.S. market; and cultural barriers and differences. E-Commerce presents a simple, quick, and realistic ITA strategy for de-mystifying the international marketplace and developing market knowledge and business contacts at reduced cost and less risk. These are the ingredients that must be addressed to propel SME manufacturers to the next level of exporting.

The Manufacturers E-Export Initiative is broken down into components operating in tandem to make the Digital Department concept a reality for U.S. SME manufacturers. The components -- founded in E-Commerce technologies-- provide outreach to manufacturers and new client development, and revolutionary export transaction-oriented tools for new and existing clients to sell internationally. The components have been designed to link manufacturers ‘upstream’ to the next to provide a continuity of service at increasing levels of sophistication.

This increase will enhance the accomplishment of the following DOC/ITA Strategic Themes, Goals, and Objectives:

STRATEGIC THEME 1 - ECONOMIC INFRASTRUCTURE

Build for the future and promote U.S. competitiveness in the global market, by strengthening and safeguarding the nation's economic infrastructure.

GOAL A: Implement the President's National Export Strategy.

OBJECTIVE

- Strengthen trade advocacy, trade promotion and the Trade Promotion Coordinating Committee

OBJECTIVE

- More closely align trade objectives with U.S. foreign policy.

GOAL B: Enforce U.S. trade laws and agreements to promote free and fair trade.

OBJECTIVE

- Expand trade law enforcement and compliance monitoring

Broadening the Export Base

The projects under this component (also see the US&FCS portion of this initiative) address challenges facing prospective SME manufacturer exporters. The advent of global connectivity and E-Commerce have created a new globalized business environment in which any company with an internet presence is a potential exporter. The objectives of these projects are to reach out to smaller and less-experienced businesses, create an awareness of the export assistance resources available, and assist those firms that have an interest in exporting but require additional business sophistication. These projects use a mix of traditional and web-based outreach strategies to reach new clients and provide them with the information and international context they require, as well as basic "starter" approaches to help them proceed internationally.

New to Export Outreach Conferences (2 FTE, + \$800,000) - ITA will host, with assistance from our partners, a series of conferences to promote export assistance programs and services, disseminate information on how e-commerce is affecting exporting and making it easier for the small manufacturer, communicate knowledge of the benefits of exporting (*e.g.*, job creation, increased plant/resource utilization), and instill a global perspective on marketing among participants. As SMEs represent the most dynamic export sector of the economy, the seminars will focus on the important role SMEs have in expanding exports, creating jobs, and commercializing new technologies incorporating advanced materials in their product lines. In addition, these conferences will also address the global nature of growth, how being on the internet makes U.S. companies global whether they are ready or not, how exporting broadens firms' horizons and mitigates slowing domestic demand, the fundamentals of going global, and the risks and benefits SMEs are afforded from export expansion.

Public-Private Partnerships (2 FTE, +\$1,200,000) ITA will expand its Market Development Cooperator Program – a competitive matching grants program that builds public-private partnerships by providing federal assistance to nonprofit export multipliers such as states, trade associations, chambers of commerce, world trade centers, etc. ITA will also expand the Advocacy Center within its Trade Development unit in order to develop an aggressive outreach program designed to provide advocacy support tailored to the specific needs of SMEs. The centerpiece of this outreach effort will be an Internet-based matching service which will bring together international firms that are prime contractors on major foreign projects and SMEs who can serve as subcontractors, suppliers, and consultants. These offices are particularly effective in reaching and assisting SMEs.

Streamlined Exporting Process Through Internet-Based Infrastructure

The projects in this component (also see the US&FCS portion of this initiative) are designed to lower administrative and process barriers to exporting for SME manufactures. These projects will streamline the exporting process through creating an Internet-based infrastructure and enhancing current digital infrastructure resources. These projects will be coordinated with and linked to trade-related Administration “Access America” efforts.

Database of Import Taxes, Tariffs, and Other Regulatory (1 FTE, +\$1,000,000) DOC will develop and maintain on its web site a comprehensive database of import taxes, tariffs, and other regulatory data to help U.S. manufacturers determine product pricing, anticipate and comply with foreign market entry requirements, and expedite business transactions. The database will identify by Harmonized System number the specific duty rates, border taxes, and other charges required for American-produced merchandise to enter specific foreign markets. Where feasible, hot-links will enable users to contact directly the in-country authorities necessary to obtain additional importing information. The database will contain a full range of specific information for each country covered, with particular emphasis on the acceptability/availability of transactions via E-Commerce media and current information regarding legislative and/or regulatory issues (e.g., legal acceptance of electronic contracts, electronic signatures, taxation of E-Commerce transactions).

In FY 2001, ITA will construct the database and provide detailed information for the top 30 trading partners based on merchandise exports. Over a three-year period, we will expand our coverage to include 60-70 countries. The database will allow the manufacturer to retrieve tariff and regulatory information both by country and product. Currently, the European Union (EU) provides this service to EU member companies free of charge and is adding another module that offers online customs documentation translated for their use. In contrast, U.S. SMEs who need tariff rates and customs information for market analysis, pricing, and shipping are dependent on the hard copy source material prepared by the U.S. Department of Commerce and available from numerous, dispersed sources, including the federal government, freight forwarders, Federal Depository libraries, and others. The E-Commerce Digital Documentation System will enable ITA to achieve parity with competitor nations and eventually eclipse the level of services that they already provide to their businesses, and will encourage U.S. companies to integrate web-based E-Commerce into their business routines.

Performance Measures	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Advocacy Matching Service Matches	300	400	400	400	400
Market Development Cooperator Program Awards	2	2	2	2	2
Tariff and Trade Information System Registered Users	2,000	4,000	12,000	17,000	22,000
 <u>Cost and Benefits:</u>					
Capitalized	35	35	35	35	35
Uncapitalized	2,965	3,093	3,093	3,093	3,093
Total	3,000	3,128	3,128	3,128	3,128
Budget Authority	3,000	3,128	3,128	3,128	3,128
Outlays	2,100	2,790	3,115	3,128	3,128
FTE	5	7	7	7	7

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL

Activity: **Trade Development**
Subactivity: **Management and Policy Coordination**
Program Change: **Increasing Manufacturers Exports Through E-Exporting**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
International Trade Specialist	GS-14	1	71,954	71,954
International Trade Specialist	GS-13	3	60,890	182,670
International Trade Specialist	GS-12	<u>3</u>	51,204	<u>153,612</u>
Total		7		408,236
Less Lapse (25%)		<u>(2)</u>		<u>(102,059)</u>
Total full-time permanent		5		306,177
FY 2001 Pay Adjustment (3.7%)				<u>11,330</u>
Total				317,507

Personnel Data

Full-time Equivalent Employment:

Full-time permanent

5

Other than full-time permanent

0**Total****5**

Authorized Positions:

Full-time permanent

7

Other than full-time permanent

0

Total

7

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **Trade Development**
Subactivity: **Management and Policy Coordination**
Program Change: **Increasing Manufacturers Exports Through E-Exporting**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	318
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	<u>318</u>
12.1 Civilian personnel benefits (25.05%)	80
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	150
22 Transportation of things	5
23.1 Rental payments to GSA	70
23.2 Rental payments to others	50
23.3 Communications, utilities and miscellaneous charges	20
24 Printing and reproduction	40
25.2 Other services	1,539
25.3 Purchases from government accounts	63
26 Supplies and materials	30
31 Equipment	35
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	600
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	<u>0</u>
99 Direct Obligations	<u>3,000</u>

Department of Commerce
International Trade Administration
Trade Development
INCREASE FOR FY 2001
Clean Energy and Environmental Exports Initiative
(Dollar amounts in thousands)

	<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Sectoral Analysis.....POS/BA	309	35,092	315	38,692	6	3,600
FTE/Obl.	281	35,092	285	38,692	4	3,600

Clean Energy and Environmental Exports Initiative (4 FTE+\$3,600,000) - Development of international clean energy and environmental markets is critical to achieving global sustainable development and to supporting greater U.S. economic growth, jobs, and exports. The clean energy and environmental sectors are rapidly growing worldwide. The global market for these sectors was estimated at about \$484 billion in 1998 and is projected to reach \$600 billion by 2010.

Competition for this burgeoning market is fierce. Despite the U.S. industry's vast experience and technological leadership in these sectors, it is not realizing its full commercial potential in the international market. U.S. industry currently exports a much smaller share of the total output of these sectors, proportionally far less than our competitors.

The Environmental Technologies Export Initiative was created in 1994 in response to a directive by President Clinton, to enhance the competitiveness of U.S. envirotech companies globally and to increase U.S. envirotech exports. ITA (TD) leads the Initiative in close cooperation with other key members of the Trade Promotion Coordinating Committee (DOE, AID, EPA, Energy, EXIM, TDA, etc.).

The Administration's original strategy for expanding environmental technologies exports has been implemented with success and been a key factor in the almost 100% increase in U.S. envirotech exports over the past 4 years. However, an expanded and updated approach is now needed in order to: refocus attention on one of the most critical aspects of environmental need -- clean energy and energy efficiency; establish specific quantifiable targets for increased U.S. exports; further enhance coordination of governmental activities, at all levels, on behalf of the industry; account for changing conditions in the U.S. energy and environmental industry; and develop new trade policy options.

ITA's programs undertaken through this budget enhancement will be part of a broader DOC-wide and interagency initiative to improve global clean energy, environmental and health conditions; enhance sustainable development; and increase opportunities for U.S. clean energy and related environmental exports. This initiative will be closely coordinated with, and enhance, the technology development and commercialization programs of the Technology Administration and of the National Oceanic and Atmospheric Administration. It will also be fully integrated with the programs of other agencies that comprise the Environmental Trade Working Group of the Trade Promotion Coordinating Committee.

This increase will enhance the accomplishment of the following DOC/ITA Strategic Themes, Goals, and Objectives:

STRATEGIC THEME 1 - ECONOMIC INFRASTRUCTURE

Build for the future and promote U.S. competitiveness in the global market, by strengthening and safeguarding the nation's economic infrastructure.

GOAL A

Implement the President's National Export Strategy.

OBJECTIVE

- Strengthen trade advocacy, trade promotion and the Trade Promotion Coordinating Committee

OBJECTIVE

- More closely align trade objectives with U.S. foreign policy.

GOAL B

Enforce U.S. trade laws and agreements to promote free and fair trade.

OBJECTIVE

- Expand trade law enforcement and compliance monitoring

GOAL C

Strengthen and institutionalize trade advocacy efforts, placing special emphasis on the "Big Emerging Markets."

OBJECTIVE

- Continue emphasis on trade with the BEMs without losing focus on mature markets.

MAJOR RESPONSIBILITIES

ITA will enhance significantly its current and traditional programs of trade promotion, research, and industry information and outreach affecting these sectors. The primary focus will be on key markets in Latin America, the Middle East, Eastern Europe, and in Asia, where the initiative will enhance our cooperation with the U.S.-Asia Environmental Partnership, and AID-funded program with a similar focus. The following new ITA programs and activities will account for the principal focus of this enhanced budget initiative:

CLEAN ENERGY and ENVIRONMENTAL CAPACITY DEVELOPMENT

This initiative will provide assistance to selected emerging markets to improve their institutional capacity, regulatory framework, and technology expertise, leading to expanded clean energy and environmental markets, and stronger environmental performance in the target countries. In developing this technical assistance program, ITA will build public-private partnerships, relying heavily on U.S. and overseas trade associations, universities, non-profit organizations, and U.S. clean energy and environmental companies. We will seek to leverage all relevant existing government programs and investments in the target countries, working through the TPCC's Environmental Trade Working Group.

Activities will be aimed at building local-level human and institutional capacity, leading to expanded opportunities for U.S. clean energy and environmental exporters. These activities will include:

- training seminars and workshops focused on specific technologies related to clean energy, energy efficiency and renewables, and related environmental technologies that enhance sustainable development;

- demonstration projects to help local officials and companies understand the technologies, capabilities, and performance of the trade and services provided by these sectors;
- reverse missions designed to bring project sponsors in contact with U.S. firms, and expose them to U.S. environmental practices and technology capabilities; and
- internships in the United States for scientists and officials involved in clean energy and environmental sectors.

TRADE DEVELOPMENT AND PROMOTION FOCUS

ITA will promote and facilitate the export of U.S. clean energy and related environmental goods and services through a comprehensive program of conferences, seminars, exhibitions, foreign and reverse trade missions, trade shows, demonstration projects, and policy assistance.

Clean, Efficient, and Renewable Energy:

ITA will develop a cross-sectoral program that focuses on the trade opportunities arising from the extensive impact which energy generation and use have on the environment. The deployment of clean U.S. technologies in the areas of energy efficiency, renewable energy, and pollution reduction can provide environmental benefits as well as significant export-opportunities for U.S. industry. Cost-effective options can also address such environmental concerns as climate change. These options, which are designed to produce the lowest rate of emissions and pollutants (e.g. carbon dioxide per unit of electricity generated) include: using combined-cycle technology with natural gas as fuel; using co-generation which utilizes low pressure steam from power generation cycles from production processes and district heating; and utilizing high efficiency super-critical steam technology especially in large power generating units. Also effective in minimizing emissions-related problems, are clean coal technologies such as fluidized bed boilers, integrated gasification and combined-cycle plant, and coal gasification for use in medium-to-large units. Finally, nuclear, biomass, solar, and wind power energy technologies will be explored and promoted as alternative or renewable energy sources.

Other:

The drinking water and wastewater treatment segments of the environmental market have urgent and substantial needs. More than 75% of all diseases and more than 30% of all deaths in the developing world can be traced to water. ITA will develop a special initiative to enhance U.S. company competitiveness in the burgeoning international market for water and wastewater treatment. Treatment and distribution of water is an energy intensive process that will benefit greatly from the application of cleaner, more efficient energy systems. Similarly, there are other environmental goods and services related to air pollution, solid and hazardous wastes, environmental management systems, waste-to-energy conversion, etc., that perfectly complement and are required to support and expand the use of clean energy technologies.

STATES INITIATIVE

ITA will support a network of state and local level multiplier organizations that can enhance U.S. clean energy and environmental trade (e.g., state development agencies, energy and environmental business councils). This network will improve coordination and leverage resources to aggressively promote U.S. clean energy and environmental technologies exports and, in particular, to encourage small and medium size enterprises (SMEs) to become more active in international markets.

This activity will link federal, national, and state business organizations, and state trade offices to ensure the most efficient and effective access to all available clean energy and environmental exports resources and program.

USDOC TRAINING

ITA will create and implement a new training program that will focus on the special needs and interests of the clean energy and environmental sectors. Training will be designed for ITA domestic trade specialists, Commercial Service Officers, and Foreign Service Nationals - especially members of the USDOC Environmental Team. Training will be conducted through in-person attendance at seminars, and will also be available on a distance-learning platform for all interested USDOC personnel to use as a primary resource for information about these industries.

PUBLIC-PRIVATE PARTNERSHIPS

ITA will provide additional funding dedicated to clean energy and environmental projects within the DOC Market Development Cooperator Program (MDCP). The MDCP is ITA's only grant program specifically dedicated to enhancing trade promotion partnerships with the private sector. To date, several grants focused on the energy and environmental sector have been made, but there is need for considerably more activity under the program in these areas. Particular attention will be focused on the small and medium size enterprises (SMEs) which comprise the vast majority of the companies in the environmental technologies sector.

INDUSTRY CLASSIFICATION and DATA

Currently there is inadequate classification of products that comprise the energy renewables and environmental technologies industries. These industries do not conform to the structures defined by the traditional standard industrial classification (SIC) or Harmonized System (HS). This situation prevents the accurate measurement and projection of the energy renewables and environmental industries' trade or their output. Under this initiative, ITA will develop a more accurate structure and product classification for the energy renewable and environmental industries, through research and special surveys. ITA will work closely with industry, and with key related U.S. and foreign agencies such as the Bureau of the Census, the International Trade Commission, the Department of Energy, Environmental Protection Agency, the United Nations, and the OECD.

Performance Measures:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Technical Conferences and Seminars Held	5	5	5	5	5
People Trained	100	100	100	100	100
Trade Promotion Events Held	6	6	6	6	6
Market Development Cooperator Program Awards	3	3	3	3	3
Increase in Clean Energy and Enviro Exports (%)	15%	15%	15%	15%	15%
Business Facilitation Meetings Held	1,000	1,000	1,000	1,000	1,000

Cost and Benefits:

Capitalized	30	30	30	30	30
Uncapitalized	3,570	3,676	3,676	3,676	3,676
Total	3,600	3,706	3,706	3,706	3,706
Budget Authority	3,600	3,706	3,706	3,706	3,706
Outlays	2,520	3,314	3,695	3,706	3,706
FTE	4	6	6	6	6

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL

Activity: **Trade Development**
Subactivity: **Sectoral Analysis**
Program Change: **Clean Energy and Environmental Exports Initiative**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
International Trade Specialist	GS-14	1	71,954	71,954
International Trade Specialist	GS-13	3	60,890	182,670
International Trade Specialist	GS-11	<u>2</u>	42,724	<u>85,448</u>
Total		6		340,072
Less Lapse (25%)		<u>(2)</u>		<u>(85,018)</u>
Total full-time permanent		4		255,054
FY 2001 Pay Adjustment (3.7%)				<u>9,437</u>
Total				264,491

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	4
Other than full-time permanent	<u>0</u>
Total	4

Authorized Positions:

Full-time permanent	6
Other than full-time permanent	<u>0</u>
Total	6

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **Trade Development**
Subactivity: **Sectoral Analysis**
Program Change: **Clean Energy and Environmental Exports Initiative**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	264
11.3 Other than full-time permanent	0
1.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	264
12.1 Civilian personnel benefits (25.05%)	66
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	640
22 Transportation of things	10
23.1 Rental payments to GSA	60
23.3 Communications, utilities and miscellaneous charges	15
24 Printing and reproduction	0
25.2 Other services	1,531
25.3 Purchases from government accounts	54
26 Supplies and materials	30
31 Equipment	30
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	900
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct obligations	3,600

Department of Commerce
International Trade Administration
Trade Development
INCREASE FOR FY 2001
Cultural Heritage Community Development Export Initiative
(Dollar amounts in thousands)

		<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Sectoral Analysis.....	POS/BA	309	35,092	313	39,092	4	4,000
	FTE/Obl.	281	35,092	284	39,092	3	4,000

The Cultural Heritage Community Development Export Initiative (3FTE, \$4,000,000) - Global trends in the consumption of leisure travel indicate that cultural heritage tourism has a significant stake in the health of U.S. tourism. In recent research data, cultural heritage tourism has been identified as a leading travel activity for 33% of both international and domestic travelers to and within the United States. Analysis shows that travelers who engage in cultural heritage activities have higher expenditures than the general traveling population. This phenomenon is true for both domestic and international travelers and, together, these consumers of U.S. services generate annual revenues in excess of \$164 billion. Such robust economic activity indicates, that within the context of a strategic initiative, 1) American cultural heritage can be utilized to our competitive advantage in the global tourism marketplace, and 2) cultural heritage tourism can be used as a tool for community development to build local economies and civic pride.

The Cultural Heritage Community Development Export Initiative is an International Trade Administration effort led by Trade Development's Tourism Industries office and supported by USFCS. This Initiative is two-fold. The first part of the Initiative is to participate in an inter-agency tourism development effort targeting up to ten pilot communities, utilizing cultural heritage tourism as a tool for economic development, export growth, and community pride. The first part of the Initiative will include a specific Native American travel and tourism development project. The second part of this Initiative will allow the Federal Government to provide research data to drive this proposed initiative and to fulfill its responsibility for providing reliable and accurate statistics on, and economic analysis of, international travel to the United States.

STRATEGIC THEME I - - ECONOMIC INFRASTRUCTURE

Broadening our trade constituency, particularly helping small- and medium-sized businesses.

GOAL A

Implement the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee.

OBJECTIVE

- Increase trade assistance targeted to small and medium-sized businesses.

STRATEGIC THEME II -- SCIENCE/TECHNOLOGY/INFORMATION

Keep America competitive with cutting-edge science and technology and an unrivaled information base.

GOAL

Employ ITA's comprehensive industry sector, technical, and country information bases to counsel U.S. firms (especially small and medium-sized firms) on appropriate export strategies, and provide comprehensive and up-to-date information to these firms to support business strategies, and related analyses to USTR for trade negotiations. To do this, ITA will implement a strategy of expanding its information bases, distribution network, and marketing efforts.

OBJECTIVE

- Expand and enrich ITA's general trade, industry sector, technical, and country information, and increase their utility to ITA's industry clients' export decision making. Expand and improve marketing activities undertaken to make ITA's clients more aware of ITA's extensive information resources.

More specifically, the first part of the Cultural Heritage Community Development Export Initiative is designed to further economic development in needed rural and urban communities, especially in Native American communities in the first year(s), with a goal to expand the focus to African-American, Asian-American, Hispanic-American, and other ethnic communities in future years. The funding will be applied to a comprehensive, inter-related program that will first identify and then develop and promote the cultural heritage of up to ten pilot communities throughout the country. A special Cultural and Heritage Program group will be formed within Tourism Industries to design, coordinate and implement the full scope of the program ingredients. This Initiative will:

- Support an assessment of communities to identify the pilot sites for tourism development potential;
- Provide the ability to travel to the selected pilot sites;
- Support the development and implementation of education and training programs in coordination with the Bureau of Indian Affairs, the Commercial Service, and various local private sector industry groups;
- Support the development, printing and distribution of training manuals for members of the pilot communities;
- Work with the pilot communities to develop promotional programs for highlighting their cultural heritage;
- Create an interactive Internet site that facilitates communications on the cultural heritage activities of the ten pilot communities; and
- Support the expansion of research data to help guide destination development planning and community program performance evaluations.

The second part of the Cultural Heritage Community Development Export Initiative is designed to improve the core programs of Tourism Industries which will assist the pilot communities, along with other destinations, in their export efforts. It will expand the respondent base for the Survey of International Air Travelers (In-Flight Survey) from 80,000 to 170,000 respondents. This doubling of the sample will allow Commerce for the first time to gauge the impact of international travel on smaller communities in the United States as well as provide additional information to SMEs to develop visitation estimates for their communities, in general, and decision-makers in particular. Furthermore, it will assist ITA to achieve a goal of a one percent representative sample of the overseas travelers to the U.S. (24 million). Tourism Industries' current Internet site will be upgraded and enhanced to enable the collection and distribution of data to potential travelers interested in America's cultural and heritage diversity. In addition, the Initiative will develop a permanent set of Travel and Tourism Satellite Accounts (TTSAs), and provide annual travel forecasts for the industry.

The In-Flight Survey program, in conjunction with the INS I-94 data, are the key databases for information on international travel to the United States. Combined, these databases provide information on traveler flows, behavior and expenditures. They are the basic resources used by the Bureau of Economic Analysis (BEA) to calculate the balance of trade for the national travel account as well as the contribution of international visitation to Gross Domestic Product (GDP). They also represent the only source

of information for the tourism development efforts of states, cities and private sector suppliers. The data are used extensively to evaluate performance of marketing investments in international markets by destinations and industry sectors, and to identify travel segment behavior to ensure U.S. global competitiveness.

The collection of comprehensive travel and tourism statistics is a Federal responsibility as outlined in the U.S. National Tourism Organization Act of 1996. With states, cities and industry taking over the responsibility for marketing the United States, a major Federal role is now to provide the statistical tools necessary for them to generate jobs effectively through expanded international visitation. The current size of the survey database is too low for the more detailed analyses needed to increase tourism exports and develop effective international strategies for the pilot communities selected for this Initiative. Increasing the number of respondents will provide 1) more accurate statistics on the travel trade balance and the contribution of international visitation to GDP and 2) data, previously unavailable, to enable pilot communities, along with second/third tier destinations and small and medium sized businesses to assess the characteristics of their international travelers (information essential for successful growth efforts). An expanded respondent base will assist the Department in fulfilling its mandate of providing comprehensive data for all levels of users, particularly to the pilot communities selected for this Initiative.

The Travel and Tourism Satellite Accounts are a new Federal statistical tool which will provide the economic impact of both domestic and international travel in the United States on the businesses or establishments serving the demands of these travelers. This new program will fulfill our responsibility to provide improved economic analysis of the impact of travel and tourism on the national, state and local levels as well as to fulfill the recommendations of the White House Conference on Travel and Tourism and the 1998 Tourism Policy Council Strategic Plan. This set of accounts will serve as the primary source of both domestic and international information for Federal tourism policy development projects such as the intra-agency community development effort outlined in this Initiative and decisions on industry investment and development. A prototype set of these accounts was developed in FY 1998 in conjunction with the BEA.

This Initiative will also enable ITA to update its current forecast (developed in 1983) to account for the numerous changes in the industry that affect international travel to the United States. The present econometric model would be expanded to obtain information on tourism demand and capacity as well as other key variables to further strengthen the forecast data provided to the industry. The forecast data are used to determine which markets in the future should yield the highest return-on-investment to this and other Initiatives.

Performance Measures:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
# Firms Participating	50	75	100	100	100
# New-to-Export Clients	5	10	10	10	10
# New-to-Market Clients	10	15	15	15	5
# of clients counseled	301	331	364	400	440
# of reports sold	560	672	807	968	1,162

Cost and Benefits:

Capitalized	0	0	0	0	0
Uncapitalized	4,000	4,056	4,056	4,056	4,056
Total	4,000	4,056	4,056	4,056	4,056
Budget Authority	4,000	4,056	4,056	4,056	4,056
Outlays	2,800	3,639	4,050	4,056	4,056
FTE	3	4	4	4	4

**Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL**

Activity: **Trade Development**
 Subactivity: **Sectoral Analysis**
 Program Change: **Cultural Heritage Community Development Export Initiative**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Program Manager	GS-15	1	84,638	84,638
International Trade Specialist	GS-09	2	35,310	70,620
Trade Assistant	GS-06	<u>1</u>	25,976	<u>25,976</u>
Total		4		181,234
Less Lapse (25%)		<u>(1)</u>		<u>(45,308)</u>
Total full-time permanent		3		135,926
FY 2001 Pay Adjustment (3.7%)				<u>5,029</u>
Total				140,955

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	3
Other than full-time permanent	<u>0</u>
Total	<u>3</u>

Authorized Positions:

Full-time permanent	4
Other than full-time permanent	<u>0</u>
Total	<u>4</u>

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **Trade Development**
Subactivity: **Sectoral Analysis**
Program Change: **Cultural Heritage Community Development Export Initiative**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	141
11.3 Other than full-time permanent	0
1.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	141
12.1 Civilian personnel benefits (25.05%)	35
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	100
22 Transportation of things	30
23.1 Rental payments to GSA	40
23.2 Rental payments to others	100
23.3 Communications, utilities and miscellaneous charges	10
24 Printing and reproduction	73
25.2 Other services	3,375
25.3 Purchases from government accounts	36
26 Supplies and materials	60
31 Equipment	0
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct obligations	4,000

**Department of Commerce
International Trade Administration
Trade Development
INCREASE FOR FY 2001
Export Data Base Enhancement Initiative
(Dollar amounts in thousands)**

		<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Trade and Economic Analysis...	POS/BA	50	6,398	52	7,098	2	700
	FTE/Obl.	45	6,398	46	7,098	1	700

Exporter Data Base (EDB) Enhancement Initiative (1 FTE, + \$700,000) The US Government, as well as states and localities, need expanded annual data on the number and characteristics of the U.S. exporting universe to support Federal., state, and local government trade initiatives, export promotion programs, and performance evaluation efforts. This increase initiative will help to develop an array of defensible statistics that measure the involvement of U.S. firms in export markets, and generate timely analyses of these data geared to the needs of the business community, especially small and medium sized enterprises, state and local economic agencies, Congress, and the Administration.

The increase will enhance the accomplishment of the following DOC/ITA Strategic Themes, Goals, and Objectives:

STRATEGIC THEME 1 - ECONOMIC INFRASTRUCTURE

Build for the future and promote U.S. competitiveness in the global market, by strengthening and safeguarding the nation's economic infrastructure.

GOAL A

Implement the President's National Export Strategy.

OBJECTIVE

- ▶ More closely align trade objectives with U.S. foreign policy.

GOAL B

Enforce U.S. trade laws and agreements to promote free and fair trade.

OBJECTIVE

- ▶ Expand trade law enforcement and compliance monitoring.

Despite the expanded importance of exports to state and local economies, there are critical gaps in the Department's relevant statistical and analytical programs. The development of data on the number and characteristics of U.S. exporters is not specifically or fully funded. These data are essential to any rigorous assessment of impact of the Federal Government. export promotion efforts on the exporting activity of U.S. companies and on the most efficient allocation of export development expenditures by domestic geographic location, industry groupings, and firm size.

The increased funding will provide for the development, compilation and dissemination of data on the number and characteristics of U.S. exporters – using Shippers Export Declarations –which has been funded jointly by Census and ITA using discretionary funds. Each year funding has become increasingly problematic and ITA has not had sufficient resources to assess fully the implication of the data for program evaluation and resource allocation decisions. Increased funding will ensure continued compilation of the statistics and will provide the personnel resources needed to organize and evaluate the data for program evaluation purposes.

Results:

1. A timely count of the number of U.S. firms that export goods--broken down by firm size, industry sector, number of employees, state location, metropolitan location, zip code location.
2. Analysis of EDB data to assess the results of Federal Government and other export promotion activities, particularly with regard to small and medium sized firms.
3. Periodic analysis of the implications of the size and characteristics of the U.S. exporter universe for Federal Government export development efforts, and trade policy information and implementation.

Performance Measures

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Annual overview of the U.S. exporter universe	1	1	1	1	1
Annual evaluation of changes in exporter universe related to USG export promotion efforts	1	1	1	1	1
State exporter profiles	25	50	50	50	50

Cost and Benefits:

Capitalized	15	15	15	15	15
Uncapitalized	685	728	728	728	728
Total	700	743	743	743	743
Budget Authority	700	743	743	743	743
Outlays	490	660	739	743	743
FTE	1	2	2	2	2

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL

Activity: **Trade Development**
 Subactivity: **Trade and Economic Analysis**
 Program Change: **Exporter Data Base Enhancement Initiative**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Supervisory International Economist	GS-15	1	84,638	84,638
International Economist	GS-12	<u>1</u>	51,204	<u>51,204</u>
Total		2		135,842
Less Lapse (25%)		<u>(1)</u>		<u>(33,960)</u>
Total full-time permanent		1		101,882
FY 2001 Pay Adjustment (3.9%)				<u>3,770</u>
Total				105,652

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	1
Other than full-time permanent	<u>0</u>
Total	1

Authorized Positions:

Full-time permanent	2
Other than full-time permanent	<u>0</u>
Total	2

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: **Trade Development**
Subactivity: **Trade and Economic Analysis**
Program Change: **Exporter Data Base Enhancement Initiative**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	106
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	106
12.1 Civilian personnel benefits (25.05%)	27
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	4
22 Transportation of things	2
23.1 Rental payments to GSA	20
23.3 Communications, utilities and miscellaneous charges	10
24 Printing and reproduction	8
25.2 Other services	478
25.3 Purchases from government accounts	18
26 Supplies and materials	12
31 Equipment	15
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct obligations	700

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Exhibit 10

Activity: **International Trade**
Subactivity: **Market Access and Compliance**

		2000									
		1999		Currently		2001		2001		Increase/	
		Actual		Available		Base		Estimate		(Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Market Access and Compliance											
Management and Policy											
Coordination	Pos./BA	11	1,216	11	1,253	11	1,259	11	1,259	0	0
	FTE/Obl.	9	1,272	9	1,291	9	1,259	9	1,259	0	0
Trade Compliance and Regional	Pos./BA	186	24,354	194	18,302	194	19,096	270	27,596	76	8,500
Market Access	FTE/Obl.	168	17,556	174	27,045	174	19,096	231	27,596	57	8,500
Direct Obligations	Pos./BA	197	25,570	205	19,555	205	20,355	281	28,855	76	8,500
	FTE/Obl.	177	18,828	183	28,336	183	20,355	240	28,855	57	8,500

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**Department of Commerce
International Trade Administration
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE FOR
MARKET ACCESS AND COMPLIANCE**

Goals and Objectives for FY 2001

Goals: The Department of Commerce's Market Access and Compliance (MAC) unit is the U.S. Government's focal point for reducing foreign market barriers and thus increasing market access for non-agricultural U.S. exports. MAC's goal is to remove barriers to U.S. exports and thus enable U.S. firms to better compete in foreign markets. MAC's vision statement succinctly defines its mission; "Our overriding objectives are to obtain market access for American firms and workers and to achieve full compliance by foreign nations with trade agreements they sign with our country." MAC is the place within the U.S. Government's trade enforcement and negotiation structure where U.S. companies, especially small- and medium-sized firms, bring the problems they run into in foreign markets and seek U.S. Government assistance in overcoming the barriers they encounter.

Objectives: MAC achieves its goals by: (1) identifying, analyzing, and prioritizing market barriers to U.S. exports; (2) developing action strategies for removing the market obstacles; (3) working to remedy failures by foreign governments to implement and comply fully with those agreements; (4) monitoring compliance with all U.S. non-agricultural trade agreements; and (5) working with the U.S. Trade Representative (USTR) and other agencies to implement the strategies. In working to level the playing field for U.S. exporters, MAC works closely both with U.S. firms, particularly small- and medium-sized enterprises, and business associations.

Base Program

Market Access and Compliance (MAC) was formed in 1997 and was given authority to focus on obtaining greater market access for U.S. companies by eliminating barriers to U.S. exports overseas and by ensuring foreign compliance with trade agreements negotiated by the United States. As of mid-FY 1999, MAC's staff had already analyzed 563 market access complaints and generated/supported nearly \$1 billion in U.S. exports.

While MAC sometimes implements the market access strategies it develops on its own, generally the removal of foreign barriers requires intra and interagency cooperative effort. In addition to working closely with other parts of the International Trade Administration (ITA)--including U.S. and Foreign Commercial Services officers --and Commerce, MAC works on a daily basis with USTR, the State Department, U.S. embassies abroad --including State Department economic officers -- and other parts of the U.S. Government. MAC also supports trade policy initiatives initiated by USTR, frequently providing the bulk of the analysis, expertise, and staff support needed to achieve negotiating objectives.

MAC is especially oriented to smaller and medium-sized exporters that lack the resources to determine their rights under the 240 U.S. trade agreements. MAC is the source for companies to obtain U.S. Government assistance to combat market access problems and unfair barriers to trade and emphasizes specialized, in-depth support of firms facing market access problems.

MAC achieves its objectives principally through two activities: Regional Market Access and Trade Compliance.

Regional Market Access: MAC's regional units -- Africa and the Near East; Asia and the Pacific; Japan; Europe (including Russia and the NIS); and Western Hemisphere (including NAFTA) -- expand export opportunities for U.S. firms by solving market access problems, working directly with individual U.S. companies encountering specific market access difficulties; devising strategies for remedying market access deficiencies; and coordinating U.S. Government agency efforts to implement the strategies. In addition, MAC's regional units manage Commerce's bilateral business development commissions and similar institutions; and participate in international trade conferences, events, and missions to advocate for U.S. exports and assess barriers, threats and opportunities for U.S. exports.

MAC's regional units provide the technical knowledge and detailed expertise needed for U.S. trade agreement negotiating teams. MAC produces the market barrier analyses, develops the detailed understanding of the technical problems and obstacles, and conducts the economic and commercial analyses necessary for successfully negotiating trade agreements. MAC participates in many U.S. trade negotiations, often directly supporting USTR. In some instances, such as the negotiations with Japan on public works construction, pharmaceuticals and medical equipment, and government procurement of medical technologies, MAC has the lead in the negotiations. MAC also develops commercial facilitation initiatives -- initiating and participating in the development of commercial policy positions and negotiations for use in multilateral and bilateral negotiations.

MAC provides a unique service for smaller exporters that cannot afford the resources to deal directly with foreign governments on their own. MAC's Trade Compliance Center (TCC) offers an Internet service which receives scores of complaints from businesses on market access, investigates each complaint and raise violations with foreign governments. MAC, using its knowledge of foreign government procedures and knowing how to marshal U.S. government resources such as U.S. embassy economic officers, provides services to small and medium-sized firms who encounter foreign barriers.. MAC has helped hundreds of small companies understand and operate successfully under foreign government regulations and has supported small companies to obtain their intellectual property rights when their copyrights were being stolen by foreign companies. Without MAC's assistance, most small U.S. companies have nowhere else to turn.

Trade Compliance: MAC's Trade Compliance Center (TCC) ensures that trade agreements negotiated by the United States are monitored for evaluation of their implementation by foreign governments, and for identification of compliance problems. A trade agreements database is available on the Internet to U.S. users and dramatically improves the ability of U.S. exporters to use the agreements. The database now includes "how-to" guides to trade agreements keyed to small companies. Companies are able to compare the access they are receiving with what they should actually be getting, and are in a better position to inform MAC of probable violations or failure to implement agreements. TCC staff work together with MAC's market access officers and Trade Development industry officers and others to ensure that each agreement is being monitored by an individual responsible for evaluating compliance and reporting problems. They obtain information from U.S. business, MAC regional units, other parts of Commerce, and U.S. embassies overseas regarding potential failures to implement and adhere to agreements fully, and work to resolve compliance problems without having to resort to formal dispute settlement procedures. When voluntary compliance cannot be attained in this manner, the TCC works with the USTR Trade Enforcement Center to develop effective cases for formal dispute settlement through the WTO, NAFTA, or other means. Regular reports on possible compliance violations are produced for use by USTR and other agencies. MAC is monitoring Asian country compliance with the trade-related aspects of the IMF assistance programs, and has begun monitoring implementation of the OECD agreement on anti-bribery.

MAC's Multilateral Affairs unit focuses on implementation of WTO agreements and codes, and works with U.S. companies to help them use these agreements to their benefit. The Multilateral Affairs Office also coordinates Commerce review of country compliance with WTO agreements and leads Commerce's participation in the negotiation of new agreements. This office will be responsible for coordinating Commerce's role when a new round of trade negotiations begin. MAC also manages the NAFTA Secretariat, which was created by the NAFTA legislation of 1994 and administers a permanent panel review system under NAFTA Chapter 19 (AD/CVD cases) and Chapter 20 (government-to-government). Since its inception the NAFTA has produced an increasing number of

disputes which require panels to resolve. The increase in workload and panel costs need to be addressed in MAC's base funding.

Market Access and Compliance Success Stories: The successful elimination of market access obstacles or the creation of new market opportunities by opening markets formerly closed to U.S. exporters can result in huge amounts of added U.S. exports. Examples of MAC's Regional Market Access accomplishments include:

- ***Rieke***--A small company in Auburn, Indiana, making specialized bulk packaging products for the chemical industry, was being shut out of the European market by a European competitor who got product standards changed to exclude Rieke's product design. MAC's European office worked for over a year in getting European governments to remove the discrimination, and saved over 300 Indiana jobs.
- ***Mexican Labeling Regulations***--Ensuring foreign compliance with existing trade agreements is a key element of MAC's mission. For example, when Mexico announced new regulations to establish an unreasonable price floor and new cash deposit requirements for imported beer, which we believed would be inconsistent with Mexico's NAFTA and WTO obligations, MAC moved immediately to challenge their implementation. To date, MAC has succeeded in delaying implementation of the regulation to allow resumption of U.S. beer sales and allow time to work out a solution.
- ***Maytag***--The company sought MAC's assistance to overcome a Korean trade barrier preventing export of its new, energy efficient model washing machine. The manufacturer was told it violated Korean electrical codes even though the machine was safe and efficient and was being exported to many other countries. MAC cleared the way for the U.S. company to begin exporting by successfully marshaling U.S. government technical and standards experts and working with the Koreans to resolve the issue without appealing to the WTO.
- ***European Appliance Regulations***--MAC is also on the lookout to prevent countries from instituting new market access barriers. For example, the Association of Home Appliance Manufacturers (AHAM) asked us for assistance in revising a proposed regulation that would have greatly limited sales of U.S. appliances to Europe. MAC's Europe unit, in conjunction with FCS personnel abroad, successfully lobbied to amend the proposal so it corresponded to U.S. regulations, thereby avoiding additional costs or loss of market for U.S. appliance manufacturers.
- ***Foreign Government Procurement*** -- MAC discovered unfair treatment by Korean authorities purchasing for the new \$6 billion Incheon International Airport, denying some U.S. companies the right to bid. MAC sought voluntary Korean compliance with its WTO obligations, and when this could not be attained, developed the basis for a WTO dispute settlement case, which is now being litigated by USTR in Geneva.
- ***Intellectual property*** -- MAC sought Canadian compliance with its intellectual property obligations for patent terms under WTO requirements, and when voluntary compliance could not be achieved, developed this into a WTO dispute settlement case now being pursued by USTR's enforcement office.
- ***Digital Equipment Corporation***--was selected to supply computers to the Indonesian government. Originally, DEC and another U.S. company were disqualified from bidding for no legitimate reason. However, MAC led a coordinated and aggressive effort by the U.S. government to requalify the U.S. companies bids. DEC's contract has an estimated \$4.5 million value.
- ***"Metric Only Labels"***--MAC got the EU to delay until 2010 rules that would have prohibited American exporters from using "dual labels" (in English and metric measurements) thereby requiring them to produce costly different labels and packaging for their European products -- raising the cost of

exporting, and driving many smaller U.S. companies out of the market.

- ***Copyright Pirating***--By the company's own account, MAC kept a Poulsbo, WA company from possibly going out of business by convincing the Singapore Government to stop a local company from selling pirated versions of the U.S. firm's directory of importers. Until MAC stepped in, the company said it was powerless to stop the loss of its global markets to pirates.
- ***Korean Import Restrictions***--As part of MAC's mandate to monitor trade-related commitments, MAC and the Commercial Service in Korea have been working with U.S. firms and associations in pressing the Korean government to improve and streamline import certification procedures. To date, Korea has nearly halved the number of relevant trade laws and has relaxed over 70 import restrictions.
- ***Transatlantic Business Dialogue (TABD)***--MAC initiated this enormously successful private-public initiative bringing together the U.S. and European business communities and government officials to identify industry's priorities for market-opening measures. The TABD has provided critical momentum for a string of historic agreements, including: the MRA; the Information Technology Agreement to eliminate tariffs for information technology products among signatory countries by the year 2000; and the Global Agreement to harmonize automotive standards across national boundaries.
- ***Japanese Deregulation of Medical Devices and Pharmaceuticals***--MAC successfully intervened to impede Japan's adoption of a new pricing system for pharmaceuticals and prevent drastic cuts to reimbursement prices for numerous devices and drugs. MAC gained Japanese commitments to reduce its approval times for new drugs by one-third, and substantially expand the acceptance of foreign clinical data for the approval of new medical devices and pharmaceuticals. Faster drug approvals mean millions of dollars of added U.S. exports.

Management and Policy Coordination: This Subactivity provides management guidance and coordination of MAC activities through the Assistant Secretary for MAC. It ensures coordination of all MAC units and a dynamic goal orientation towards trade compliance, market access, and commercial policy analyses in support of ITA's mission. It also provides guidance in selecting and carrying out activities tailored to specific markets and agreements. It oversees the development and implementation of market access policies and programs including bilateral, multilateral and regional trade and investment policies and programs; and aligns trade objectives with U.S. foreign commercial policy.

With regard to the latter, MAC ensures that U.S. foreign policy activities are in harmony with supporting U.S. exports and jobs. MAC works with other U.S. Government agencies to encourage foreign policy and assistance programs to include a role for expanding U.S. business in economic development programs. MAC also maintains aggressive outreach through the Internet and other means to alert U.S. business to specific opportunities opened by U.S. policy and assistance programs. MAC has had significant success in expanding U.S. exports while supporting U.S. Government foreign policy initiatives in South Africa, Central America, Northern Ireland, Bosnia/Croatia, Haiti, Central and Eastern Europe, and Russia and the other Newly Independent States. MAC's actions have generated U.S. exports while simultaneously supporting the development of a stronger market-oriented economic system in these areas of the world, contributing both to U.S. economic goals and global stability.

Summary of Workload and Performance Data

	<u>FY 1999</u> <u>Actuals</u>	<u>FY 2000</u> <u>Estimate</u>	<u>FY 2001</u> <u>Estimate</u>	<u>FY 2002</u> <u>Estimate</u>
<u>Negotiating Open Markets, Removing Trade Barriers, Attaining Compliance</u>				
\$ Exports Generated/Supported8 bil.	1.1 bil.	1.3 bil.	1.3 bil.
# Counseling Sessions	25,000	20,000	13,000	13,000
# Clients	10,000	11,000	12,000	12,000
# Custom Agency Reports	800	850	900	900
Trade Agreements Entered into Databank.	100	10	10	10
Compliance Complaints Investigated.	30	60	100	300
Compliance Internet Inquiries Received per month	16,000	20,000	50,000	100,000

**Department of Commerce
International Trade Administration
Market Access and Compliance
INCREASE FOR FY 2001
Expanded Bilateral and Regional Compliance
(Dollar amounts in thousands)**

	<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Trade Compliance and Regional Market Access....POS/BA	194	19,096	270	27,596	76	8,500
FTE/Obl.	174	19,096	231	27,596	57	8,500

Compliance Initiative (57 FTE + \$8,500,000) -- This initiative, combined with programs requested under this initiative for the Import Administration, will provide a robust and comprehensive USG approach to trade compliance and market access problems facing U.S. exporters. The Compliance Initiative for MAC consists of four elements; the Overseas Compliance Initiative, China Trade Compliance, Japan Trade Compliance and EU and the Rest of World Compliance. The Secretary emphasized the importance of combating trade barriers and ensuring compliance with international agreements in testimony before the Senate Finance Committee saying, "Let me state firmly: compliance and enforcement of existing agreements is our first priority. We will not tolerate weakening of existing agreements or stepping back from commitments."

This increase will enhance the accomplishment of the following DOC/ITA Strategic Themes, Goals, and Objectives:

STRATEGIC THEME 1 -- ECONOMIC INFRASTRUCTURE

Build for the future and promote U.S. competitiveness in the global marketplace by strengthening and safeguarding the nations' economic infrastructure.

GOAL A

Enforce U.S. Trade Laws and Agreements to Promote Free and Fair Trade

OBJECTIVE

Improving monitoring and enforcement of U.S. trade agreements so as to promote added trade opportunities and support free and fair trade

GOAL B

Implement the President's National Export Strategy

OBJECTIVE

Improving U.S. trade agreements so as to promote added trade opportunities and support free and fair trade

Overseas Compliance Program (15 FTE + \$3,000,000)

The Overseas Compliance Program is a crucial part of the President's initiative to "beef up" trade law enforcement and trade agreements compliance. In the past year, we have witnessed four critical events that have redefined the public debate on the significance of international trade to America's economic well-being: the Asian financial crisis and the ensuing record high U.S. trade deficits, the steel import crisis, the U.S.-China deal on WTO accession, and the disappointing WTO talks in Seattle. As part of the Administration's efforts to convince the public of the benefits of trade, a dedicated overseas contingent of trade experts is a critical component of a system to ensure that we are getting the full benefits from our trade laws and trade agreements.

A key component in increasing the effectiveness of U.S. monitoring and compliance of trade agreements is provision of additional resources to U.S. missions overseas. This will be a joint effort of Commerce and the Department of State, drawing on the strengths and responsibilities of each agency. Of this \$3 million initiative, some ITA compliance funding may be transferred from MAC and IA for joint compliance activities. Given the specialized nature of the new positions abroad, a portion of these resources will be used for improved training programs for both agencies.

The Commerce program will be staffed with compliance, trade law and market access experts, devoted exclusively to researching and *compiling evidence* of particular trade law, trade agreement and market access infractions. The specialists would have a mixture of language skills, country expertise, investigative reporting skills, and trade law expertise. These specialists would develop a web of local government, business, and press contacts on the ground in their assigned countries, and they would be prepared to begin researching a trade issue as soon as they got a lead from Washington, or business or labor contacts in the field.

The Commerce Overseas Compliance Program features two teams: a mobile squad of country and compliance experts detailed to "hot spot" countries with compliance and market access problems, and staff resident in countries with long-term compliance problems. The mobile squad builds on the Strike Force initiated in FY 2000, and will work with embassy staff in-country on short-term issues such as the Asian Financial crisis or more complicated market access and compliance issues such as the Korea Airport case.

The overseas staff will be based in our embassies abroad to provide full-time experts on the ground for in-depth analysis of compliance violations and the ability to work with foreign government agencies and U.S. businesses on the ground overseas. This staff would be located in the embassies, and report through the Economic Section and will augment existing embassy staff who are already stretched thin. Rotating these experts between overseas posts and their home unit in MAC will further enrich country and compliance officers with the knowledge and understanding of tactics and strategies to overcome trade barriers.

Staff would be assigned for full tours in countries with the need for a long-term compliance effort such as: China, Japan, Korea, the European Union, and other countries as appropriate. Some of these locations could serve as regional offices for surrounding areas.

China Trade Compliance (11 FTE + \$1,500,000) -- Even with the best of intentions, it will be very difficult for China to implement many of the reforms called for in the WTO agreement with the United States. The Chinese economy is in the midst of a transition from many years of socialist orientation to mixture of public and private enterprise. This transition, already complicated for an economy as large and diverse as China's, is made more difficult by the decentralization of decision making which has occurred over the past 20 years.

In addition, monitoring and enforcing China's compliance with its WTO commitments is a major concern for the Congress, which must grant permanent NTR status to China in order to gain benefits from China's WTO agreement with the United States.

At present, we are able to provide only limited staff in our China Office. This increase would triple the staff available to the office at the end of 1999. This Office already has the lead responsibility for the important U.S.-China Joint Commission on Commerce and Trade (JCCT), one of the very few existing bilateral vehicles available for a regular dialogue with the Chinese. Furthermore, the Office must also address the myriad of market access and compliance cases brought to them by U.S. companies.

Similarly, staff available to work on China compliance issues in the Trade Compliance Center (TCC) is very limited. The TCC holds much of the Department's expertise on WTO implementation, and has the USG lead responsibility for educating the U.S. business community of on-going WTO developments.

In addition, the sheer size of the Chinese market adds to the difficulty of effective monitoring. In order to accomplish this, Washington-based experts will have to spend considerable time on detail in China, working closely with the Overseas Compliance staff and Consulates around the country. This will require additional positions and supporting travel funds.

Once China accedes to the WTO, Taiwan will accede immediately thereafter requiring MAC to devote more resources to monitoring Taiwan's implementation efforts as well. Taiwan presently is a \$19 billion market for U. S. exports. The one and a half positions currently available to cover Taiwan must address on-going market access issues in such highly technical areas as pharmaceuticals, medical equipment, and intellectual property protection.

Although Taiwan's level of development does not require it to make changes as sweeping as China must, the WTO accession agreement with Taiwan will still create a significant new monitoring workload for MAC. Given the potentially large market that will open, MAC must be able to undertake a sustained effort to ensure that U.S. firms are able to obtain the market access called for in the agreements. To adequately address the issues that Taiwan's WTO accession will present, MAC will require several new positions.

Japan Trade Compliance (7 FTE + \$1,000,000)

As a counterpart to the China Compliance increase, this initiative would double the number of trade analysts and compliance officers in Washington devoted to Japan (from 8 to 16). Japan accounts for 40 percent of the trade deficit and perpetually erects new trade barriers to U.S. firms. The United States has already signed a number of agreements with Japan, however, much work still needs to be done to enforce these agreements to ensure that American firms and workers receive their rights under our trade laws and trade agreements with Japan.

Additionally, this would allow for significant work on the ground in Tokyo in close collaboration with the Overseas Compliance Staff to develop and relay in depth analysis and information on trade agreement compliance back to Washington. Country and issue specialists will assist in company verifications in trade cases, investigate hidden subsidies, distribution problems, and anti-competitive practices that impede U.S. exports.

EU and Rest of World Trade Compliance (17 FTE + \$2,000,000)

As the European Union moved first to a single market and then to monetary integration, new forms of market access problems have developed for American

suppliers. Although tariff barriers have been lowered, non-tariff barriers continue to develop. The past several years have seen major changes in several regulatory areas which created significant new problems for U.S. exporters, and highly visible trans-Atlantic disputes. The requested staff increase would enable enhanced early identification and solution of trade problems before they develop into full-blown trade disputes.

By 2001, the EU market will potentially cover 35 countries and almost 600 million people. The importance of non-tariff barriers in key industries such as biotechnology, electronic commerce, and energy services will be key to the success of US based global companies. Much like the Japan model, the EU is liberalizing but in a way that disadvantages US competitiveness. Where US and EU commercial and trade policies are at loggerheads more market access is lost than anywhere else in the world. It is imperative that the EU desk have expanded staffing not only to take on the proliferation of market access problems in these key technologies issues. It is also key that these EU barriers be addressed in Europe immediately rather than allow the EU to attempt to export them to the rest of the world at the expense of US companies in Asia, the near East and Latin America.

In addition to China and Taiwan, a number of our other key trading partners have or will likely reach agreement with the United States and other countries on conditions which will enable them to accede to the WTO, including Saudi Arabia, Russia and many of the NIS countries. Additional resources in country and compliance issue experts, will be needed by MAC to monitor these countries' compliance with their agreements if U.S. firms and workers are to enjoy the full benefits bargained for.

Important initiatives are underway within the Near East peace process and proposed Africa development programs. Critical to these programs is a commercial element, to utilize the skills and dynamism of U.S. industry to help instigate economic development and movement towards further rule-of-law, infrastructure and increased trade flows.

Multilateral Negotiations Support Initiative (7 FTE + \$1,000,000)

Although a new round was not launched in December, a renewed emphasis was placed on implementation of previous agreements and a renewed effort was placed on implementation of previous agreements and a renewed effort to develop a comprehensive agenda for that will set the global trade framework for the 21st century. The U.S. has taken the lead in pushing for a broad-based agenda that will deal with the remaining foreign barriers impeding U.S. exports and benefit both U.S. industry and workers. In sharp contrast to previous trade rounds which took 7-10 years to complete, the target for this round is only three years. This will bring results to the American people faster and deal sooner with issues arising from fast-changing technologies. It will also mean a faster-paced negotiation with a quick-start-up and shorter turn-around times for preparation of supporting materials and counter offers. ITA staff are already analyzing over 100 proposals for the organization of negotiations, and the workload will only increase as substantive negotiating proposals are tabled.

The International Trade Administration's Role in the New Round

USTR will lead and coordinate government-wide U.S. participation in the global negotiations but has made clear that the breadth and depth of the negotiations will require the Departments of Commerce and Agriculture to provide the bulk of the necessary staffing and detailed work. Commerce has major analytical and operational responsibilities for key areas of the new round that will affect non-agricultural goods and services. Two units of the International Trade Administration -- Market Access and Compliance (MAC) and Trade Development (TD) -- will together provide the critical support to USTR needed for the new trade round to be a success.

ITA's participation in the multilateral trade negotiations will be centered in MAC's Office of Multilateral Affairs (OMA), which had a staff of 30 technical and policy specialists at the height of the Uruguay Round. After completion of that Round, OMA was drawn down to its current level of 6 professionals and has, at the same time, taken on additional responsibilities, especially in the area of helping ensure foreign country compliance with agreements already in place.

The outcome of trade negotiations is directly proportional to the effort applied. ITA staff bring to this work a high level of skills and knowledge. Current staff has years of experience which can be shared with the new staff. However, current staffing levels are simply not sufficient to meet the coming challenge of a new trade round. Achieving results that eliminate today's sophisticated trade barriers require technical staff to work closely with U.S. industry to catalogue detailed and complex trade barriers, review the myriad foreign country proposals and bring the U.S. business perspective to bear in the development of positions for negotiation. This cannot be done without the resource increase being requested. Three-quarters of the augmented budget would go to OMA for its overall coordination and direct negotiating support roles. The remaining one-quarter would be used to strengthen TD analytical capabilities in support of detailed negotiations. Some of the major areas in which the success of the outcome will depend heavily on the quality and quantity of ITA negotiating support include:

Market Access Negotiations: Tariffs and Non-Tariff Measures -- Tariffs and non-tariff measures remain key barriers to U.S. exports. Less developed countries, which now account for almost half of U.S. exports, maintain high tariffs -- and have tariff "bindings" that are much higher than the actual rates they are applying. While most developed country tariffs are low, the remaining high duties are in sensitive industries and lowering them will require intensive U.S. negotiating. Non-tariff measures (NTMs) have evolved and spread since the Uruguay Round, and for many export industries now represent greater barriers than tariffs. Key among these are customs measures as well as standards and testing and certification procedures.

To support market access negotiations, ITA staff will need to provide negotiators with the detailed foreign trade and industry data and to undertake substantial database development. Analysis of the impact of foreign trade barriers on U.S. exports and of potential U.S. market access liberalization on domestic industry will be required in terms of thousands of products in more than 50 key countries. This is highly technical and requires trained experts able to work closely with U.S. industry, especially small and medium sized firms, and standards organizations, to identify ways to resolve market access problems. Finally, ITA staff will need to tap into Commerce's unique commercial expertise and worldwide network of commercial contacts to develop foreign support for U.S. approaches.

Intellectual Property -- Trade-Related Intellectual Property protection (TRIPs) is a key area affecting U.S. competitiveness, affecting billions of dollars of knowledge-intensive export for large and small firms alike. ITA will need to ensure that industry concerns are identified and to provide negotiating support to USTR during the upcoming round. In particular, ITA staff will need to undertake detailed and labor-intensive reviews of developing country implementation of the Agreement during 2000 and 2001 to ensure that all WTO Members comply with their obligations under the TRIPs Agreement. In addition, ITA staff will need to support dispute settlement cases that may be initiated. Finally, ITA staff will be centrally involved in the further negotiation and/or review of several provisions of the TRIPs Agreement envisaged in the "built in agenda". These activities will all take place simultaneously with the new round of negotiations.

Trade Facilitation -- Several WTO Agreements address the specific rules affecting how exporters must conduct business overseas, including the Customs Valuation Agreement, the Agreement on Pre-Shipment Inspection, the Agreement on Rules of Origin and the Import Licensing Agreement. For many developing countries, Uruguay Round obligations in these areas are just now being phased in. Experience in implementing these agreements needs to be monitored and, where necessary, these need to be updated in light of the problems they can pose for U.S. exporters, and small and medium-sized companies in particular. For example, a principal goal of small companies involves providing for more rapid movement and release of goods from foreign customs processing. ITA will need to identify the specific impact these measures are having on U.S. industry, to recommend effective solutions, and to staff negotiations.

Government Procurement -- The WTO Government Procurement Agreement (GPA) has in the last 20 years helped open up this \$3 trillion global market, but only in the handful of countries that are members. Even there, huge shortcomings have been identified that need to be addressed in order to ensure full and effective coverage of government purchases by signatories to the agreement. USTR expects Commerce to play a major role in using the new round to obtain improvements to the existing agreement and to complete broader negotiations on transparency in government procurement. ITA will need to identify industries with the most export potential under the GPA and to analyze offers made by other countries.

Trade and Environment -- ITA experts have been providing the principal analytic support to USTR in terms of how to incorporate environmental provisions into WTO disciplines, including dispute settlement procedures, in a way that ensures environmental concerns are met without permitting foreign countries to develop disguised trade barriers. This will require extensive ITA work, in consultation with U.S. industry, to ensure that trade liberalization is pursued in a manner consistent with protection of the environment. Among other things, this will require intensive ITA collaboration on the interagency assessment of the potential environmental consequences of the new round negotiations and an ongoing process of identifying and discussing environmental issues that might arise within the various negotiating groups.

Services -- The Uruguay Round negotiations established a framework for trade disciplines in the services area. In the new round, a major U.S. priority will be to build on the more recent experience with basic telecommunications and financial services negotiations and secure improved conditions of market access for U.S. services providers. ITA staff will need to conduct detailed and labor-intensive preparatory work, in close consultation with industry, to identify foreign barriers impeding the export of U.S. services and to respond to requests for U.S. market access liberalization. In addition, significant work will be required to expand on the basic framework of rules developed in the Uruguay Round, such as in the area of broader regulatory barriers that affect services trade.

Trade Related Investment Measures -- ITA will have an expanded role in broadening and strengthening disciplines designed to prevent the use of trade distorting investment requirements such as technology transfer requirements. ITA staff must be prepared to provide detailed analysis on how and where these measures limit U.S. exports and will also be required to supply negotiating expertise to USTR.

Other Duties

ITA staff will be required to perform additional, broader functions as well during the next trade round, including: 1) analyzing foreign country proposals for their impact on U.S. exports, their adequacy in covering U.S. business's interests, and their conformity with legislation and programs that Commerce has responsibility for implementing such as antidumping, countervailing duties and export promotion; 2) consulting with business to ensure that their interests are promoted as negotiations proceed; 3) research the negotiating history of various issues to avoid pitfalls from earlier negotiations on these same issues; 4) prepare papers for the negotiations in support of U.S. negotiating goals and for bilateral meetings Commerce officials will have to promote goals with our individual trading partners; and 5) develop strategies and policies to promote U.S. goals and overcome other countries' resistance to opening their markets.

PERFORMANCE MEASURES

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
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Identification of foreign trade barriers to competitive U.S. industrial exports.
(measured by number of tariff line items).

165,000	200,000	145,000	95,000	60,000
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Reports analyzing impact on U.S. industry of changes in U.S. barriers.

4,000	5,000	3,000	2,000	1,000
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Formal scheduled contacts with representatives of one or more U.S.
Government agencies, one or more U.S. companies or organizations
or one or more foreign government or private sector representatives
to discuss, resolve or agree on policy questions or issues in order to
foster and facilitate international trade.

1,800	2,500	1,500	750	250
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COST AND BENEFITS

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
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Capitalized	294	294	294	294	294
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Uncapitalized	8,206	8,206	8,206	8,206	8,206
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Total	8,500	8,500	8,500	8,500	8,500
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Budget Authority	8,500	8,500	8,500	8,500	8,500
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Outlays	5,950	7,650	8,500	8,500	8,500
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FTE	57	57	57	57	57
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**Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL**

Exhibit 14

Activity: **Market Access & Compliance**
Subactivity: **Trade Compliance and Regional Market Access**
Program Change: **Trade Compliance Initiative**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
International trade specialist	GS-15	3	84,638	253,914
International trade specialist	GS-14	12	71,954	863,448
International trade specialist	GS-13	22	60,890	1,339,580
International trade specialist	GS-12	24	51,204	1,228,896
International trade specialist	GS-11	11	42,724	469,964
Trade assistant	GS-09	2	35,310	70,620
Secretary	GS-07	2	28,866	57,732
Total		<u>76</u>		<u>4,284,154</u>
Less lapse	25.00%	<u>(19)</u>		<u>(1,071,039)</u>
Total full-time permanent:		57		3,213,115
2000 Pay Adjustment (3.7%)				118,885
Total				3,332,000

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	76
Other than full-time permanent	<u>0</u>
Total	76

Authorized Positions:

Full-time permanent	57
Other than full-time permanent	<u>0</u>
Total	57

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **Market Access and Compliance**
Subactivity: **Trade Compliance and Regional Market Access**
Program Changes: **Trade Compliance Initiative**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	3,332
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	3,332
12.1 Civilian personnel benefits (25.05%)	836
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	1,450
22 Transportation of things	106
23.1 Rental payments to GSA	641
23.2 Rental payments to others	120
23.3 Communications, utilities and miscellaneous charges	205
24 Printing and reproduction	138
25 Other services	387
25.3 Purchase of Government Services	811
26 Supplies and materials	180
31 Equipment	294
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct Obligations	8,500

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Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: **International Trade**
 Subactivity: **Import Administration**

		1999		2000		2001		2001		Increase/	
		Actual		Currently Available		Base		Estimate		(Decrease)	
		Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Import Administration											
Import Administration	Pos./BA	327	28,901	327	30,644	327	32,602	415	45,302	88	12,700
	FTE/Obl.	289	30,789	295	30,669	295	32,602	361	45,302	66	12,700
Special Import Programs	Pos./BA	17	1,481	17	1,501	17	1,568	17	1,568	0	0
	FTE/Obl.	16	1,536	16	1,521	16	1,568	16	1,568	0	0
Direct Obligations	Pos./BA	344	30,382	344	32,145	344	34,170	432	46,870	88	12,700
	FTE/Obl.	305	32,325	311	32,190	311	34,170	377	46,870	66	12,700

**Department of Commerce
International Trade Administration
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE FOR
IMPORT ADMINISTRATION**

Goals and Objectives for FY 2001

Goal: The goal of this subactivity is to improve American competitiveness through effective administration of U.S. trade laws and enforcement of sector-specific trade agreements that govern U.S. imports.

Objectives: ITA will achieve this Department of Commerce goal by taking prompt, aggressive action against unfair trade practices by enforcing the U.S. trade laws and agreements negotiated to address sector-specific trade distorting practices. The objectives of this activity are to conduct antidumping and countervailing duty investigations, administrative reviews, and sunset reviews within statutory time limits; negotiate and administer suspension agreements; and manage and support the Foreign Trade Zones Program and certain other special import programs.

Base Program

Import Administration (IA) defends American industry against injurious trade practices by administering efficiently, fairly and in a manner consistent with U.S. international obligations the antidumping (AD) and countervailing duty (CVD) laws of the United States. The major objectives of this program area are to process and complete investigations, administrative reviews, and sunset reviews within the statutory time limits of the trade laws. This program is comprised of three principal operational groups led by the Deputy Assistant Secretaries (DAS) for AD/CVD Enforcement I, II, and III. These three operational areas are supported by the Offices of Policy, Accounting, and the Central Records Unit.

The DASs and their offices are charged with conducting the initial investigation under the AD/CVD laws where there is reason to believe imports are being unfairly subsidized or sold in the U.S. at less than fair market value. Each investigation must be completed within strict statutory deadlines, and the investigations vary widely in terms of scope and complexity. Each investigation requires: (1) analysis of information provided by the petitioning U.S. industry to determine whether an investigation should be initiated; (2) preparation of extensive questionnaires, to be answered by the relevant foreign governments and/or industry, which seek information about foreign government programs available to firms, and the individual firm's prices and costs; (3) analysis of responses to the questionnaires and verification of such responses on-site in the foreign country at the relevant government and/or industry offices; (4) calculation of estimated subsidy or dumping margins; and (5) preparation of preliminary and final determinations, including Federal Register notices that explain each determination and discuss and resolve each issue raised by the parties to the investigation. When the results of a final determination are challenged in the Court of International Trade, the staff provides support to the Chief Counsel for IA and the Justice Department. If a case is remanded to IA by the Court of International Trade, the investigation is re-conducted in accordance with the Court's instructions.

In addition, these operational areas are required to counsel U.S. industries that are considering filing AD or CVD petitions. This requires staff to meet with industry representatives in Washington or at the industry's offices or factories; educate the industry representatives about the requirements of the AD/CVD laws; review information provided by the industry; and advise whether additional information is necessary to justify the initiation of an investigation. IA staff is particularly active in counseling small U.S. businesses which are less able to afford legal counsel and in assisting them in preparing AD/CVD petitions. In addition, considerable resources are expended in counseling larger businesses and their legal counsel at the pre-petition phase of an investigation. When the Department is considering self-initiation of an investigation, these operational areas are required to conduct an in-depth pre-initiation investigation and convey the results in a memorandum to the Assistant Secretary for IA that recommends whether an investigation should be self-initiated.

The DASs and their offices also conduct requested administrative reviews of AD/CVD orders and findings in order to determine first, the estimated AD/CVD duties deposited when merchandise covered by an AD/CVD order is imported, and second, the final amount of the duties to be paid. These statutorily mandated reviews require staff to obtain and, frequently, verify detailed subsidy, price, and cost of production information. This entails considerable foreign and domestic travel for on-site verification. The administrative review process involves the same tasks as described for the investigatory process, namely: preparation and presentation of questionnaires; review of extensive financial and accounting information; analysis of formal written and oral comments on the preliminary results; preparation and publication of final results; and provision of instructions to the Customs Service. Administrative reviews also are challenged in the Court of International Trade, and require significant IA staff support during litigative proceedings. The DASs and their staffs also negotiate suspension agreements and conduct requested administrative reviews of suspended investigations to determine compliance, or lack thereof, with the agreements forming the basis of the suspension.

The Office of Policy plays the lead role in developing regulatory guidance to implement changes to AD/CVD practice. The office is also responsible for coordinating multilateral subsidies enforcement efforts, which focus on assisting the private sector by monitoring foreign subsidies and identifying subsidies that can be remedied under the World Trade Organization (WTO) Subsidies Agreement. The number of subsidy issues brought to IA's attention by the U.S. exporting community continues to increase as information, provided through our subsidies enforcement efforts, is received in the business community. A major initiative of these efforts has been the monitoring of the economic policies of Korea, Indonesia and Thailand, in response to the Asian financial crisis; to ensure compliance with the subsidy-related conditions of the (International Monetary Fund (IMF) rescue package, and to uncover potential subsidy programs that are actionable under U.S. countervailing duty law or the WTO. Other significant activities of the Office will include: (1) policy development and coordination for numerous anticipated AD/CVD case filings; (2) defense of U.S. AD/CVD decisions before the relevant WTO Committees and in consultations with affected foreign governments; (3) technical advice on AD/CVD issues in various bilateral and plurilateral trade initiatives; (4) assistance to U.S. exporters subject to foreign AD/CVD actions, including challenges to such actions in the appropriate fora; and (5) support to negotiations on shipbuilding and the industrial subsidies study in the OECD (Organization for Economic Cooperation and Development).

The Office of Accounting is responsible for ensuring that IA uses acceptable sound accounting and financial principles in administering the AD/CVD laws. In this role, Accounting supports all IA offices involved with the AD/CVD program. Accounting performs all investigative aspects of casework including on-site verifications related to the cost of production and the constructed value areas of AD investigations. The complexities of this area require expert knowledge in U.S. "generally accepted accounting principles" as well as foreign accounting practices. The Office also provides litigation support to the Office of the Chief Counsel. The expertise provided by the Office of Accounting applies to a large number of AD/CVD cases and litigative proceedings and supports the many other program and administrative aspects of IA.

Special Import Programs - Included in this function are the Foreign Trade Zones (FTZ) Staff and Statutory Import Programs.

- o **Foreign Trade Zones Program:** This program is administered by the Foreign Trade Zones (FTZ) Staff, which serves as the operational arm of the FTZ Board, an interagency body chaired by the Secretary of Commerce. The Board was established to license (grants of authority) and regulate foreign trade zones (customs free zones), under the FTZ Act of 1934 (19 USC 81) and the Board's regulations (15 CFR 400). Zones are sponsored by public or public type corporations, with some operated by private corporations under agreement with licensees. The Act's public utility requirement calls for reasonable and non-discriminatory rates.

As of the end of FY 1999, there were 232 zones and 400 subzones in the U.S. employing over 350,000 persons. The volume of exports leaving U.S. foreign-trade zones amounted to \$17 billion in FY 1998 and an estimated \$18 billion in FY 1999. During FY 1999, the Board processed 60 formal applications, which included four for new general-purpose zones projects and 18 for new subzones. In reviewing new manufacturing in zones and subzones in terms of the public interest, the Board evaluates the net economic effect of proposed operations, considering such factors as: public policy, import penetration, export development, employment impact, and impact on domestic industry. Zone savings are designed to help improve the international competitiveness of U.S. firms. States and local communities use zones as an element of their economic development efforts. FTZ activity is monitored with continuing assessment of the net economic effect of manufacturing operations and compliance with grant restrictions.

- o **Statutory Import Programs:** This program is responsible for administering specific import laws. They include the Insular Watch Assembly Program authorized by P.L. 97-446, as amended by P.L. 103-465; and the Educational Scientific and Cultural Materials Importation Act (Florence Agreement), authorized by P.L. 89-651. The insular Watch Assembly Program allocates the duty-exemption for watches imported into the United States from the Virgin Islands, Guam, American Samoa and the Northern Marinas Islands and issues special production incentive certificates authorized by P.L. 97-446, as amended by P.L. 103-465. The Florence Agreement Program determines whether scientific instruments imported into the United States by non-profit institutions qualify for duty-free entry. The staff also records and tabulates data on the duty-free entry of articles for the handicapped under Annex E(ii) of the Nairobi Protocol.

Department of Commerce
International Trade Administration
Import Administration
INCREASE FOR FY 2001
Trade Compliance Initiative
(Dollar amounts in thousands)

Exhibit 13

	<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Import Administration.....Pos./BA	327	32,602	415	45,302	88	12,700
FTE/Obl.	295	32,602	361	45,302	66	12,700

Trade Compliance Initiative (66 FTE, \$12,700,000) This multi-faceted initiative, when combined with MAC's corresponding initiative, will provide a robust and comprehensive approach to trade compliance and market access issues confronting U.S. industry. IA's portion of this initiative contains the following critical elements:

Overseas Compliance Program(16 FTE, \$3,000,000) -- A key component in increasing the effectiveness of U.S. monitoring and compliance of trade agreements is provision of additional resources to U.S. missions overseas. This will be a joint effort of Commerce and the Department of State, drawing on the strengths and responsibilities of each agency. Of this \$3 million initiative, some ITA compliance funding may be transferred from MAC and IA for joint compliance activities. Given the specialized nature of the new positions abroad, a portion of these resources will be used for improved training programs for both agencies. To support the Administration's commitment to vigorous enforcement of the AD/CVD trade laws, IA will deploy specialized Attaches to countries such as: China, Japan, Korea, and other countries as appropriate. Attaches will be drawn from IA's best staff of AD/CVD investigators. With the benefit of at least 5 years of investigatory experience, each Attache will conduct the following tasks:

- **AD/CVD Verification** -- Perform on-site verification of data submitted by foreign companies and countries in AD/CVD investigations and administrative reviews. The results of an investigation or review are only as good as the quality of the verification --- the heart and soul of the case. The placement of IA Attaches at strategic locations will offer a cost-effective and efficient means by which to verify data.
- **AD/CVD Education** -- IA Attaches will also focus on educating foreign companies and governments officials on the intricacies of the complex U.S. AD/CVD trade laws. With an understanding of the U.S. AD/CVD laws and the impact unfair trade actions can have, foreign interests will be less likely to subject their fledgling and established industries to the possibility of increased U.S. tariffs and subsequent reviews of their trade practices. For example, a company under review could avoid the undesirable impact of a "facts available" determination if the company's management understood the importance of responding to questionnaires during a U.S. AD/CVD investigation.
- **Technical Support and Research for Suspension Agreement Negotiations** -- IA Attaches will conduct immediate product and industry research and on-site feasibility assessment to support headquarters management during AD/CVD suspension agreement negotiations. Such informational requirements often occur with little advance notice during the course of negotiations and are of a highly technical nature, requiring that research be conducted by AD/CVD experts.
- **Market Studies** -- On-site IA Attaches will offer a cost-effective alternative to contracting for marketing studies. To develop the Steel Action Plan Report, IA has had to contract with local research companies in a variety of countries to prepare specialized market studies. IA Attaches will offer the on-site expertise to study market activity to support the Administration's efforts to address industry-specific import surge situations.

IA Attache's will receive work assignments directly from IA headquarters management. They will be serviced by FCS Personnel and will share FCS office space where possible. IA maintained offices in a number of European countries and Japan during the 1980s. The location of these offices reflected the origins of AD/CVD casework

at that time. These offices eventually became unsupportable as the number of European cases decreased and developing countries in other regions began entering the world market and began committing unfair trade practices in the U.S. The emergence of a new mix AD/CVD casework necessitates the need for overseas representation again in key strategic locations.

China Trade Compliance and Japan Trade Compliance (20 FTE, \$3,500,000)-- Consistent with the rationale for the Overseas Compliance Corps, is the urgent need for greater attention to both Japanese and Chinese trade practices. With over 40 dumping cases on China as well as Japan constituting 40% of the trade deficit, IA must enhance its study and evaluation of the trade practices of these large trading partners in order to provide consistent remedial relief to U.S. industry. IA must proactively work on-site in both China and Japan to monitor trade compliance activities, investigate hidden subsidy practices and anti-competitive practices. IA must also expand headquarters strength and aggressively assess specific Chinese and Japanese trade practices which can lead to larger trends and impacts on U.S. industries.

Import Surge Monitoring, Expedited Investigations and Subsidies Enforcement (20 FTE, \$3,700,000)-- This will enhance the vigorous enforcement of the AD/CVD laws by enabling IA to implement critical U.S. trade policy initiatives and new requirements set forth in the Uruguay Round Agreements Act (URAA). Both the Administration and Congress have recognized the continuing need to: (1) monitor import surges brought about by sudden international economic changes; (2) expedite AD/CVD investigations when warranted by import surges; and (3) further strengthen our subsidies enforcement activities. Resources are requested for these critical activities.

The objective is to provide a comprehensive, coherent and sustainable response to the current import surge in steel products and the crisis it has created for workers and firms in the U.S. industry. Development of an Import Surge Monitoring Program will ensure that future import surges in steel and other import-sensitive products are addressed far more quickly and effectively. This increase will: 1) create improved early warning import monitoring systems; 2) investigate causes underlying import surges; and 3) support enhanced enforcement and monitoring. This will provide a comprehensive response to import surges and create stronger, more effective tools to detect and prevent, and, if necessary, allow the Administration to respond more quickly and effectively to future import surges -- all by taking full advantage of, but not taking actions that are inconsistent with, the international obligations of the United States. IA will --

- Develop an import monitoring system that provides Commerce and the Administration with an early warning of possible import surges.
- Monitor imports on a monthly basis for import surges. Products to be monitored shall be determined by Commerce based on discussions with industry representatives and analyses of the import data Commerce compiles.
- Within 30-days following the release of the official import statistics, for the calendar year, IA will submit a report to Congress summarizing its monitoring activities for the previous year and identifying products to be monitored in the upcoming year.
- In the report to Congress covering calendar years, Commerce will evaluate whether trade conditions over the previous year merit extending the import monitoring program for an additional two years beyond the program's expiration.

Additional resources will enable IA to continue the new policy of making early preliminary and final determinations and critical circumstances decisions when warranted by import surges. Early determinations will enable IA to apply dumping duties earlier than usual and thereby provide more immediate relief to affected industries and workers. Imposition of AD/CVD duties on imports is the most effective deterrent to dumping and subsidization. Additional staff is needed to ensure that all parties are afforded due process which is a requirement under U.S. law and the WTO. When import surges occur, staff resources will be directed to expedite investigatory activities to enable IA to issue preliminary and final determinations earlier than the statutory deadline and to issue critical circumstances determinations earlier than usual.

The URAA also calls for the establishment of a Subsidies Enforcement Office (SEO) for combating foreign subsidies that affect U.S. exports to the subsidizing country or to third country markets. While IA has already established an SEO, expanded subsidies enforcement efforts will support import monitoring and analysis of developing trade problems. A variety of economic factors and conditions contribute to import surge situations. Both dumping and subsidy concerns must be fully considered. As economic conditions worsen in other countries, the governments may try to export their way out of crises, and may start providing new subsidies to encourage exportation. Additional resources must be dedicated to ensure that any such subsidy policies are stopped by expanding existing subsidies enforcement efforts to accommodate intensive agency efforts in conjunction with import monitoring activities and expedited investigations. Heightened focus and rapid responses to import surges requires the dedication of additional

staff resources to ensure that governments do not provide new subsidies to their exporters. In addition to supporting the Administration's response to import surges, additional resources will further support the following statutorily-required activities brought about by the URAA:

- Completion of an Annual Report for Congress on the subsidy practices of foreign governments;
- Completion and maintenance of a comprehensive Subsidy Library;
- Assistance to the private sector by monitoring foreign subsidies and identifying instances of subsidization which can be remedied under the Subsidies Agreement;
- Notification to USTR (and the WTO) of any prohibited subsidy programs discovered during the course of a CVD investigation; and
- Coordination of U.S. responses to foreign CVD investigations.

Trade Law Technical Assistance Center (5 FTE, \$1,700,000)-- IA will establish a center to assist potential AD/CVD petitioners. IA staff will counsel potential petitioners regarding the remedies available under the AD/CVD laws. The costs of legal representation to small businesses and the complexity of the AD/CVD process can be overwhelming to small businesses fighting to remain solvent. By dedicating additional staff to meet with potential petitioners and by developing user-friendly instructive materials, those businesses in the greatest need of relief, but least able to hire expensive legal representation, will be able to effectively and meaningfully participate in the AD/CVD process and obtain relief from unfair trade practices.

Enforcement of WTO Rights and Dispute Settlement (5 FTE, \$800,000)-- IA will maintain a permanent, ongoing WTO presence in Geneva, Switzerland, through the short-term rotation of IA headquarters policy and legal staff. IA must place greater emphasis on gaining broad-based experience in the WTO settlement process. By diversifying IA's WTO experience among the staff who develop policy and the attorneys who continually monitor and evaluate IA's case actions and decisions, IA will be better suited to participate in the dispute settlement process and better understand the differing perspectives, interests, and trade practices of other countries. This is key to maintaining a proactive AD/CVD trade policy approach. IA will place more emphasis on promoting greater transparency and fairness on the part of those countries which possess or are developing AD/CVD programs.

The request fully supports Commerce's commitment to vigorous enforcement of the AD/CVD laws. Only with a level playing field in the home market can domestic industry position itself to expand into new export markets. An industry permitted to be injured by unfair foreign trade practices in its home market can only focus on its immediate survival and not on export strategies for future growth. It is essential that these critical activities be adequately funded to provide domestic industry with the relief from unfair trade practices intended by the Tariff Act of 1930, as amended.

Performance Measures

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Countries Monitored	87	87	87	87	87
Products Monitored:					
Steel Mill Products	37	37	37	37	37
Steel Import Products	5	5	5	5	5
Other Steel Products	42	42	42	42	42
Other Non-Steel Products	10	10	10	10	10

Costs and Benefits

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Capitalized	1,760	440	440	440	440

Uncapitalized	10,940	10,940	10,940	10,940	10,940
Total	12,700	11,380	11,380	11,380	11,380
Budget Authority	12,700	11,380	11,380	11,380	11,380
Outlays	8,890	10,505	11,512	11,380	11,380
FTE	66	66	66	66	66

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: Import Administration
Subactivity: Import Administration
Program Change: Trade Compliance Initiative

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Director	GS-15	1	84,638	84,638
Supervisory Import Comp. Spec.	GS-14	10	71,954	719,540
Import Administration Attache	FS-02	12	68,582	822,984
Staff Attorney	GS-13	6	60,890	365,340
Senior Import Policy Analyst	GS-13	6	60,890	365,340
Senior Import Comp. Spec.	GS-13	6	60,890	365,340
Computer Programmer	GS-13	2	60,890	121,780
Economist	GS-13	2	60,890	121,780
Import Compliance Specialist	GS-12	3	51,204	153,612
Import Policy Analyst	GS-12	3	51,204	153,612
Import Compliance Specialist	GS-11	9	42,724	384,516
Import Policy Analyst	GS-11	9	42,724	384,516
Import Compliance Specialist	GS-09	6	35,310	211,860
Import Policy Analyst	GS-09	6	35,310	211,860
Research Assistants	GS-09	6	35,310	211,860
Secretary	GS-07	1	28,866	28,866
Total		88		4,707,444
Less 25% lapse		22		(1,176,681)
Total full-time permanent		66		3,530,583
2001 Pay Adjustment (3.7%)				130,638
Total				3,661,221

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	66
Other than full-time permanent	0
Total	66

Authorized Positions:

Full-time permanent	88
Other than full-time permanent	0
Total	88

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **Import Administration**
Subactivity: **Import Administration**
Program Change: **Trade Compliance Initiative**

<u>Object Class</u>	<u>Increase</u>	
11 Personnel compensation	3,661	
11.1 Full-time permanent	0	
11.3 Other than full-time permanent	0	
11.5 Other personnel compensation	0	
11.8 Special personnel services payments	0	
11.9 Total personnel compensation	3,661	
12.1 Civilian personnel benefits (25.05%)	918	
13.0 Benefits for former personnel	0	
21 Travel and transportation of persons	780	
22 Transportation of things	26	
23.1 Rental payments to GSA	312	
23.2 Rental payments to others	0	
23.3 Communications, utilities and miscellaneous	176	
24 Printing and reproduction	50	
25.2 Other Services	4,818	
25.3 Purchases from Government accounts	0	
26 Supplies and Materials	199	
31 Equipment	1,760	
32 Lands and Structures	0	
33 Investments and loans	0	
41 Grants, subsidies and contributions	0	0
42 Insurance claims and indemnities	0	
43 Interest and dividends	0	
44 Refunds	0	
99 Total	12,700	

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: **International Trade**
Subactivity: **US & Foreign Commercial Service**

		2000									
		1999		Currently		2001		2001		Increase/	
		Actual		Available		Base		Estimate		(Decrease)	
		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
United States and Foreign Commercial Service											
Programs and Management	Pos./BA	115	16,026	115	15,201	115	15,977	117	17,577	2	1,600
	FTE/Obl.	100	17,340	100	15,312	100	15,977	101	17,577	1	1,600
Domestic Operations	Pos./BA	334	29,770	334	33,405	334	34,010	344	41,510	10	7,500
	FTE/Obl.	325	32,998	325	33,499	325	34,010	332	41,510	7	7,500
International Operations	Pos./BA	940	130,609	940	133,229	944	143,216	946	143,616	2	400
	FTE/Obl.	831	142,562	850	135,609	854	143,216	855	143,616	1	400
POS./BA		1,389	176,405	1,389	181,835	1,393	193,203	1,407	202,703	14	9,500
FTE/Obl.		1,256	193,200	1,275	184,420	1,279	193,203	1,288	202,703	9	9,500

**Department of Commerce
International Trade Administration
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE FOR
UNITED STATES AND FOREIGN COMMERCIAL SERVICE**

Goal and Objectives for FY 2001

Goal: The U.S. & Foreign Commercial Service (US&FCS) assists U.S. small- and medium-sized enterprises (SMEs) enter international markets by facilitating export transactions linking U.S. suppliers with international buyers through its domestic and international field networks. The two field networks work in unison to provide U.S. exporters with the U.S. Government's only worldwide trade assistance. The US&FCS network is unparalleled, even in the private sector.

Objectives: Through its worldwide network of highly skilled trade professionals, the US&FCS is a critical component of the Department of Commerce (DOC) Strategic Plan. The US&FCS (1) provides expert one-on-one counseling, up-to-date international market research, customized trade partner searches, targeted trade finance information, and high-visibility trade events; (2) helps current U.S. exporters increase market share in existing international markets and enter new markets; (3) provides high-level advocacy support for U.S. companies bidding on major overseas projects; (4) builds the state/local export assistance infrastructure by supporting and strengthening the efforts of private sector, state, and local government partnership organizations; (5) and coordinates with other ITA, DOC and USG agencies including the Small Business Administration (SBA), Export-Import Bank of the United States (Ex-Im Bank), the Trade and Development Agency (TDA), the Agency for International Development (AID), the Foreign Agricultural Service (FAS), and the Overseas Private Insurance Corporation (OPIC), under the auspices of the Trade Promotion Coordinating Committee (TPCC) to provide seamless export assistance to SMEs.

Base Program

US&FCS' client base is SMEs. SMEs are the engines of growth in the U.S. economy, leading the business sector in job creation and expansion. Continued SME success in world markets will fuel sustained growth and create jobs in the U.S. economy. To support the entrepreneurial spirit that SMEs exemplify and to foster continued economic growth and job creation, the US&FCS provides an array of client-driven export promotion products and services designed to provide SMEs with worldwide market entry strategies.

US&FCS programs are client-driven. They are based on the needs of the U.S. business community and capitalize on the US&FCS's comparative advantages – its worldwide network, its key partnerships that leverage public and private sector export promotion resources, and its ability to act as an “honest broker” with foreign governments and foreign business partners on behalf of all U.S. exporters.

The Domestic Export Assistance Centers provide in-depth, value-added counseling to U.S. firms seeking to expand their international activities, as well as to companies that are just beginning to venture overseas. Export Assistance Center trade specialists help firms 1) identify the best markets for their products, 2) develop an effective market entry strategy based on information generated from our overseas offices, 3) facilitate the implementation of these plans by advising clients on distribution channels, key factors to consider in pricing, and relevant trade shows and missions and 4) assist clients with locating appropriate public and private trade finance programs.

The international network conducts market research, identifies agents, distributors, and other key contacts for U.S. SMEs, and provides high-level advocacy support for U.S. companies bidding on major overseas projects. Overseas posts assist in dispute resolution and support a variety of trade events and missions that provide U.S. firms with cost-effective ways to gain market exposure.

US&FCS headquarters, through a lean support staff and the coordinated programs of the Export Promotion Services division, focuses on building client service and satisfaction, quality assurance, product standards and performance measures into the development and delivery of US&FCS products and services.

US&FCS is one of the few USG units that provides direct service to the business community. US&FCS was designated a High Impact Agency by the National Performance Review in recognition of its high level of direct interaction with the public. This unique direct relationship with its constituency necessitates that the US&FCS maintain credible, flexible, business-friendly, and business-relevant services that keep up with the dynamic, technology-based pace of business. One way that US&FCS has responded to the changing needs of its clients is through an ambitious innovation initiative. In addition to improving its portfolio of products and services, service delivery mechanisms, business processes, and quality standards, the initiative also makes innovation, customer service, and product improvement a part of every employee's performance standards. Pilot programs designed to test new and enhanced products and services are underway at 48 sites throughout the US&FCS network worldwide. The innovations being tested focus on increasing flexibility and customization, harnessing new technologies, such as video conferencing and on-line matching systems, and increasing partnerships to expand SME access to the resources and capabilities of the private sector and state/local governments. Examples of innovative programs recently implemented by the US&FCS are listed below.

1. Electronic Commerce. The US&FCS recognizes that the Internet and other methods of electronic commerce, such as video-conferencing and virtual trade shows, are an excellent medium to expand services to SMEs and increase exports. Supporting the US&FCS's unique global network capacity is an information technology system that provides an expansive and effective client management database, office automation support and a worldwide electronic mail network that links all field offices and headquarters. The website is being upgraded to include on-line ordering and delivery of products and services, automated market research and trade lead distribution and easier access to counseling and assistance. To date we have piloted a large number of E-Commerce type products including: 1) the E-Expo USA virtual trade show, a low-cost vehicle for our SME clients to market themselves globally; 2) Web-based export training modules that provide our clients with instruction in the basics of exporting; and 3) Video Gold Keys which allow companies in different countries to communicate on desktop computers. Video Gold Keys offer a low cost and low risk opportunity to meet trade partners overseas, a particular concern for small companies.

2. The Inter-Americas Center (IAC) is a new US&FCS initiative developed at the Miami U.S. Export Assistance Center. The purpose of the Center is to work in conjunction with U.S. Commercial posts throughout Latin America and the Caribbean taking advantage of Miami's strategic location as a gateway to the region to promote U.S. exports through a new customer-driven system. The Gateway USA program is a fee-based service that responds to Latin American buyer requests for contact with U.S. suppliers of U.S. goods and services throughout the United States.

3. The Global Diversity Initiative capitalizes on America's diversity through trade by creating comprehensive programs that will: 1) increase the number of minority owned firms in the United States exporting their services and products abroad; 2) expand the capability of minority firms entering international trade; and 3) enhance the nation's economy through increased trade by minority firms.

Programs and Management (PAM) -- In support of ITA goals and objectives, the PAM unit manages the global network of professionals and programs through: (1) office automation and information systems support; (2) evaluation of quality and effectiveness of programs and client service and feedback to the overseas posts and domestic offices; (3) coordination of multi-state/local government and private sector trade events and cooperative activities; and (4) management and administrative support of field activities. Collectively, these efforts assure timely, responsive, high-quality service to the business community, promote continuing program improvement and efficient field operations.

PAM office automation and IT systems support includes the Client Management System (CMS). The CMS provides a PC-based tool to collect and manage trade contact information and gather performance measurement data. Using state-of-the-art office automation equipment and sophisticated network technology, the CMS links domestic and overseas offices into a cohesive trade promotion delivery system. Other critical PAM office automation and information system activities include: hardware procurement and installation;

telecommunications and hotline support; US&FCS-wide computer training; systems applications development; and the creation of an interactive Web site for direct client access.

Units within PAM also act as managers and quality control officers of US&FCS' products and services. Working with our overseas posts, other USG agencies, and state/local export promotion entities, PAM develops, coordinates and supports a host of carefully focused overseas trade promotion activities. These activities include trade seminars, industry specific trade missions led by a USFCS trade specialist (Matchmaker), and Certified Trade Missions organized by state or private sector organizers; Multi-State/Catalog exhibitions; USG-sponsored trade fairs and exhibitions; and U.S. Pavilions at major international trade fairs. These activities represent the core services that US&FCS provides to its clients and reach the greatest number of SME exporters.

In concert with TPCC recommendations, PAM encourages expanded private sector sponsorship of leading overseas and domestic trade shows through two activities: the Trade Fair Certification Program (TFC) and the International Buyer Program (IBP). These programs expand US&FCS export assistance efforts, capitalizing on the growing capability of private sector event organizers. The TFC provides the DOC endorsement and support for private sector-recruited and organized foreign trade shows that enhance U.S. firms' export promotion efforts. The TFC has supported hundreds of overseas fairs and thousands of U.S. firms since its inception in 1983. The TFC provides a variety of important services to the certified fair organizer in its efforts to recruit more new-to-market firms. For a Certified Fair, US&FCS personnel provide organizers with a variety of promotional assistance measures and, prior to and during the fair, US&FCS assists exhibitors via country briefings and export counseling. The IBP works closely with major U.S.-based trade show organizers to promote the show internationally and recruit foreign buyer delegation attendance. With U.S. companies exhibiting in the shows, the IBP provides value-added export counseling before, during and after the show. A client's products and international marketing objective are matched with interested foreign buyers.

In FY 1999 (the last complete year for which data is available), export promotion programs administered by PAM included over 1,500 Gold Key services involving nearly all US&FCS overseas posts. The Matchmaker program undertook 10 trade events that introduced 109 SME companies to new foreign markets and generated over \$1 million in follow-on sales for those companies. The Trade Fair Certification unit endorsed trade shows served 6,000 clients and assisted in generating \$60 million in export sales.

PAM also manages the production of *Commercial News USA* (CNUSA), a program that assists firms marketing products and services overseas. Each issue of *Commercial News USA* reaches more than 143,000 potential foreign buyers, agents and distributors in 152 countries, and is accessible to over 2 million subscribers through hard-copy and 37 electronic bulletin boards around the world. CNUSA provides an effective means for small firms (95% of its client base) to gain exposure for their products in foreign markets.

Also located within the PAM unit are US&FCS' Foreign Service personnel offices. The US&FCS personnel offices are responsible for building a highly motivated, well-trained corps of commercially-oriented career officers. These officers are selected through a competitive process that is unique to the Foreign Commercial Service and focuses on the candidate's knowledge of and experience with international business. US&FCS personnel specialists are unique in their knowledge of Foreign Service personnel regulations as they are set forth in the State Department's *Foreign Affairs Manual*. The US&FCS personnel offices perform a wide variety of services for Foreign Service personnel including training coordination and logistical support, processing of assignments, language training, and maintenance of employment records, and management of benefits and local employment laws in every country where US&FCS maintains locally-hired staff.

Lastly, PAM is responsible for the management and administration of US&FCS activities including strategic planning; regional initiatives capitalizing on timely world events, budget allocation and analysis, program and performance analysis, performance measurement and reporting, human resource policy; and resource allocation modeling which leads to more-efficient, rational, world-wide resource use.

Domestic Operations (DO) -- Through its domestic field, US&FCS serves as the premier provider of export counseling to export-ready firms seeking to enter new overseas markets or expand sales in existing markets. Over 100 Export Assistance Centers (EACs) deliver ITA's trade facilitation programs directly to U.S. exporters and link SMEs with the information and resources provided by US&FCS overseas posts. The US&FCS will increase the number of clients served by focusing efforts on key markets and sectors, and by

strengthening and increasing the number of our public and private partnerships. Increases in client base and services delivered will result in greater numbers of SMEs entering export markets for the first time and greater numbers of SMEs exporting their products and services to new markets.

The hub and spoke system of EACs, a TPCC recommendation implemented by the Department, meets the challenge of providing a consistent level of federal export marketing and international trade finance counseling services across the country. The availability of export financing continues to be a significant issue for small and medium-sized businesses. USEACs (hubs) coordinate Commerce's international marketing services with our trade finance partners, Export-Import Bank, the Small Business Administration, state trade finance programs and private banks. EACs (spokes) located in cities with high export activity in areas surrounding the USEACs and bring export assistance services closer to exporters. "Hub" and "spoke" EACs are electronically linked to facilitate communication and service delivery among the collocated federal agencies.

US&FCS trade specialists use a wide variety of information and services from both public and private sector sources to help firms evaluate new overseas markets and take advantage of foreign sales and investment opportunities. A worldwide electronic mail network, coupled with automated information databases, including the CD-ROM based National Trade Data Bank (NTDB), are among the principal tools used to support clients' export objectives. US&FCS counseling services include assessing individual business strengths and weaknesses, identifying key markets, developing market entry strategies, providing tools to implement market entry strategies, and increasing market share for clients with established markets overseas. Trade specialists identify trade finance issues, explain available financing options and associated costs, and develop export finance strategies that complement a client's export marketing plans. Client financing needs are matched with local or regional export finance resources, including state, federal, private banking and non-bank sources.

US&FCS has developed the Rural Export Initiative to increase the number of rural companies engaged in exporting by ensuring better access to export assistance programs and services, creating supportive partner networks and promoting new technology-based services and programs to provide international marketing information. In order to bring export assistance to rural SMEs, the Rural Export Initiative facilitates dozens of programs each year in regions throughout the United States. As a corollary program to the REI, the Native American Export Incubator Program provides Native American small businesses with specialized trade assistance to develop export markets for Native American products while training Native American companies in international business procedures and marketing.

This broad range of domestic assistance results in increased numbers of export actions and increased SME participation in exporting. In FY 1999 (the last complete year for which data is available), US&FCS domestic offices provided business counseling services to over 29,000 clients in a total of 51,560 counseling sessions. In FY 1999, US&FCS total client base exceeded 125,000 U.S. companies, nearly all of which were SMEs.

International Operations (IO) -- The overseas offices support Departmental subgoals to "expand overseas markets for U.S. goods and services...increase U.S. exports in each of the next four years, and strengthen intellectual property rights protection." The overseas offices, located in 70 countries, operate with the explicit goal of implementing DOC programs abroad to inform, advise, and support U.S. business marketing efforts.

The US&FCS continues to focus its resources on markets with the greatest U.S. export potential. Commercial officers and foreign service nationals are responsible for developing and analyzing information on foreign markets and representing U.S. business interests abroad. US&FCS overseas posts: 1) identify trade opportunities abroad for U.S. products; 2) counsel U.S. businesses including information on sources of trade finance; 3) identify potential overseas representatives for U.S. firms; 4) develop foreign market research and conduct analysis of trade policy issues; 5) advocate U.S. company interests in major overseas projects, procurement, and market access issues; and 6) organize and manage U.S. trade promotion events.

US&FCS' overseas offices help U.S. firms find potential overseas agents, distributors or representatives for their products, and conduct extensive market research on best prospects for U.S. goods and services. US&FCS officers and local national employees play a vital role in identifying major projects and procurement opportunities in their host countries

(including those funded by multilateral development banks); in alerting U.S. firms to these opportunities; and increasingly, in aggressively advocating on behalf of U.S. firms bidding on projects with host country officials.

US&FCS officers provide extensive operational support overseas to trade finance agencies including Ex-Im Bank, OPIC, and TDA, acting as their overseas field staff. They also support the initiatives of other Commerce units including the National Oceanic and Atmospheric Administration (NOAA--fishery export promotion includes full-time positions in Tokyo and Brussels), the National Institute of Standards and Technology (NIST), Import Administration (IA), and the Bureau of Export Administration (BXA). This effort includes market research, promotional activities, and counseling. Since the abolition of the United States Travel and Tourism Administration (USTTA), US&FCS officers have added travel and tourism industry support to their portfolios.

In support of the U.S. Trade Representative (USTR) and in service to our SME clients, US&FCS overseas posts monitor and report on foreign developments affecting the formulation of U.S. trade policy. US&FCS posts work with USTR and their clients to identify and resolve trade barriers affecting SMEs including: foreign government legislative and regulatory measures, procurement practices, protection of intellectual property rights, and bidding and certifying procedures that affect U.S. trade in the host country.

US&FCS officers lead Embassy-wide efforts to create annual Country Commercial Guides of key information for the U.S. business community, including identification of best prospects for U.S. exports in the specific country. In addition, US&FCS officers coordinate the Embassy's development of annual Strategic Commercial Plans (SCP) to most effectively align USG resources toward advancing commercial objectives in the specific country market. The SCP establishes Embassy-wide commercial priorities incorporating the role of all relevant sections of the Embassy team in areas of trade events, information gathering, advocacy, finance and trade policy.

Efforts overseas are directed toward helping export capable firms find suitable representation abroad, providing market counseling and initiating business and government contacts on their behalf. Posts identify and disseminate specific new trade opportunities in host markets, support their export market objectives with programs tailored to their needs, and encourage their participation in a variety of trade events. US&FCS officers also intercede on behalf of U.S. firms experiencing payment delays and a wide variety of other business disputes. US&FCS officers work closely with American Chambers of Commerce and other U.S. business groups overseas, as well as other agencies in U.S. missions, such as the Foreign Agricultural Service, in promoting U.S. sales abroad.

This broad range of assistance results in increased numbers of export actions and increased SME participation in exporting. In FY 1999 (the last complete year for which data is available), US&FCS overseas served 69,000 clients in overseas posts and logged over 193,000 business counseling sessions with U.S. companies and potential buyers. In FY 1999, US&FCS overseas posts recorded 41,800 verifiable sales resulting from US&FCS export assistance activities, 38% of which occurred for companies that had not previously been exporters.

Summary of Workload and Performance Data

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY2001</u>
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Performance Measures:</u>				
# of non-advocacy export actions	12,684	13,000	10,400	10,920
# Export actions resulting from overseas Post Advocacy (began FY 94) .	621	650	520	546
Percent of users' reporting export orders (survey respondents)				
ADS program	42	40	40	40
Matchmaker program	68	75	65	65
Multi-State/Catalog Exhibition program	27	30	30	30
Trade Opportunity program	50	50	50	50
Percent of users satisfied/very satisfied (survey respondents)				
ADS program	52	50	50	50
CMA program	67	85	75	75
Matchmaker program	85	85	85	80
Multi-State/Catalog Exhibition program	45	43	45	40
TFC program ¹	93	93	93	93
Trade Opportunity program	68	80	80	70
Commercial News USA	74	75	75	75
Domestic Office Counseling	92	90	80	85
Percent of users who would use again (survey respondents)				
ADS program	67	67	60	60
CMA program	73	85	75	75
Matchmaker program	85	85	80	80
Multi-State/Catalog Exhibition program	60	60	50	55
Commercial News USA	85	84	84	84
Domestic Office Counseling	91	90	85	85

¹ As of FY 96, surveys are based on organizer as opposed to exhibitor satisfaction, which was previously reported.

	FY 1998	FY 1999	FY 2000	FY 2001
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Workload Measures:</u>				
Trade facilitation session, domestic and overseas:				
Domestic facilitation sessions	65,377	65,000	52,000	54,600
Overseas trade facilitation sessions	204,000	200,000	160,000	168,000
# of firms participating in all trade events	7,316	8,400	6,720	7,056
Post initiated overseas promotion events(under \$5,000)	229	220	176	185
Post initiated overseas promotion events (over \$5,000)	15	15	12	13
Overseas trade promotion events held by US&FCS	370	360	288	302
Overseas CTMs supported (Gov/Cong-Led)	26	26	21	22
Other overseas TMs supported (state/local, gov/ind/assoc)	35	30	24	25
TMs organized by other TPCC agencies	8	10	12	8
# Trade/Solo Fairs overseas recruited	90	85	68	71
# Trade/Solo Fairs US&FCS/TD recruited	15	15	12	13
# Certified Trade Fairs	80	70	56	59
# Multi-State/Catalog Exhibition Shows	3	4	3	3
# Other Catalog Exhibition Shows	74	60	48	50
# Gold Keys supported	1,434	1,400	1,120	1,176
International Buyer Program (IBP) events held	28	24	19	20
Agent Distributor reports requested	1,300	1,200	960	1,008
International Company Profile requested ²	250	240	192	202
International Market insight reports	7,742	7,600	6,080	6,384
Matchmaker trade delegations	12	12	10	10
Customized Market Analysis (CMA)	130	120	96	100
Industry-subsector analysis	668	650	520	546
Commercial News USA copies distributed	120,000	125,000	100,000	105,000

Department of Commerce
International Trade Administration

² Formerly World Trader Data Reports. Program is being phased out in developed markets where similar private sector services are available.

Increase for FY 2001
US&FCS E-Commerce Initiative
(Dollar amounts in thousands)

	<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Programs and Management.....POS/BA	115	15,977	117	17,577	2	1,600
FTE/Obl. 100		15,977	101	17,577	1	1,600

US&FCS E-Commerce Initiative (1 FTE + \$1,600,000) -- This increase includes funding for two E-commerce projects designed to bring small- and medium-sized businesses into exporting via virtual trade missions and trade shows. Electronically-based programs such as these represent trade assistance targeted to the special needs and requirements of our SME clients. Using new advances in technology, US&FCS can provide the assistance that SME companies need in ways that are less costly and less time consuming to the client than traditional methods.

Using new developments in technology can substantially reduce the response time required to take advantage of trade leads and secure sales for U.S. companies in the highly competitive and fast-paced export markets. Through enhancing the Commercial Service's network capabilities and getting information to clients more quickly, we will be able to use the unparalleled level of U.S. technological sophistication and connectivity to beat the competition in time-sensitive situations.

- **Enhanced Service Delivery** – To keep our services commensurate with the pace of private sector IT development and to enable the Commercial Service to provide the high quality service that our clients demand, US&FCS will enhance its E-Commerce platform with two key upgrades. These are:
Border guard -(\$590,000)- telecommunications security equipment that is needed to provide universal internet access for international locations to deliver “internet to the desktop” at US&FCS sites in U.S. Embassies and Consulates. At present, US&FCS Commercial Officers and foreign service nationals are not able to have internet access at their desktops due to security concerns about network penetration. Instead, each US&FCS overseas post must maintain a stand-alone computer that all must share to access the internet, perform internet-based research, or provide internet-based services to their clients.
Bandwidth – (\$600,000) – purchase necessary increases in wide-area-network bandwidth to support current and planned E-Commerce initiatives. Funds will also continue to fund increases in network capacity at US&FCS sites abroad. US&FCS will procure expanded bandwidth in concert with the Diplomatic Telecommunications Service-Program Office (DTS-PO) and continue its aggressive program of connecting to a wider number of sites, generating critical system efficiencies, and achieving enhanced client service capacity.
- **Push project** -- (1 FTE/ \$410,000) Pilot projects in FY 1998 and FY 1999 have supplied metrics that demonstrate client demand and tolerance for reactive publishing. Using commercial-class “push” technology such as Backweb servers, this project will put in place a US&FCS/HQ capability to respond to staff and client needs as well as market new content and products. This project will market US&FCS opportunities to client desktops by developing high-capacity delivery using web- and FAX-based networks to allow clients and staff to receive hyper-linked newsletters. One systems analyst will be hired to oversee US&FCS push projects and act as COTR for associated IT contracts.

This increase will enhance the accomplishment of the following DOC/ITA Strategic Theme, Goal, and Objective:

STRATEGIC THEME 1 - - ECONOMIC INFRASTRUCTURE

Broadening our trade constituency, particularly helping small- and medium-sized businesses.

GOAL A

Implement the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee.

OBJECTIVE

o Increase trade assistance targeted to small and medium-sized businesses.

RESULTS

- Push project -- Weekly newsletters will be instituted in order to direct the attention of clients and staff to updated market research content as well as other information available from the US&FCS content network.
- Bandwidth -- All overseas sites will have been upgraded to a minimum of 19.2Kbps bandwidth over a two-year period. The requested bandwidth is the minimum new bandwidth to support the planned E-commerce applications. 64 Kbps service will most likely be provided to the majority of sites under this proposal.
- Border guard -- Enable internet access within security tolerances accepted by Dept. of State Diplomatic Security. Allow US&FCS staff at posts to benefit from rapid access to internet sites and content. Generate modest savings that can be applied to the purchase of internet access from private-sector providers, where available.

Performance Measures:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
# Reports Distributed	450	900	900	900	900
Increase in System Efficiency	15%	15%	15%	15%	15%
# of Export sales resulting from reduced reaction time	50	75	100	100	100
# New-to-Export Clients	10	20	20	20	20
# New-to-Market Clients	20	40	40	40	40

Cost and Benefits:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Capitalized	14	14	14	14	14
Uncapitalized	1,586	1,655	1,655	1,655	1,655
Total	1,600	1,669	1,669	1,669	1,669
Budget Authority	1,600	1,669	1,669	1,669	1,669
Outlays	1,120	1,489	1,662	1,669	1,669
FTE	1	2	2	2	2

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL

Exhibit 14

Activity: **U.S. & Foreign Commercial Service**
 Subactivity: **US&FCS E-Commerce Initiative**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Computer Specialist (Systems analyst)	GS-13	2	60,890	121,780
Total		<u>2</u>		<u>121,780</u>
Less Lapse (25.00%)		(1)		<u>30,445</u>
Total full-time permanent:		1		91,335
2001 Pay Adjustment (3.7%)				<u>3,379</u>
				94,714

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	1	
Other than full-time permanent	<u>0</u>	
Total	1	

Authorized Positions:

Full-time permanent	2	
Other than full-time permanent		<u>0</u>
Total	2	

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **U.S. & Foreign Commercial Service**

Subactivity: **US&FCS E-Commerce Initiative**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	95
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	<u>0</u>
11.9 Total personnel compensation	95
12.1 Civilian personnel benefits (25.05%)	24
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	5
22 Transportation of things	0
23.1 Rental payments to GSA	20
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	1,112
24 Printing and reproduction	20
25 Other services	290
25.3 Purchase from Government accounts	18
26 Supplies and materials	2
31 Equipment	14
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	<u>0</u>
99 Direct Obligations	1,600

Department of Commerce
International Trade Administration
Increase for FY 2001
The Cultural Heritage Community Development Export Initiative
(Dollar amounts in thousands)

		<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Domestic OperationsPOS/BA		334	34,010	334	34,510	0
							500
	FTE/Obl.	325	34,010	325	34,510	0	500

The Cultural Heritage Community Development Export Initiative (0 FTE, + \$500,000) - This increase is the US&FCS component of a joint proposal with Trade Development.

Global trends in the consumption of leisure travel indicate that U.S. cultural heritage is an area of significant and increasing interest for foreign travelers. Analysis shows that travelers who engage in cultural heritage activities have higher expenditures than the general traveling population. This phenomenon is true for both domestic and international travelers and, together, these consumers of U.S. services generate annual revenues in excess of \$164 billion. The rising interest in U.S. cultural heritage tourism is consistent with increasing interest in U.S. cultural exports, especially rural handicrafts and Native American products. Significant economic activity in this area indicates that, within the context of a strategic initiative, 1) American cultural heritage export products and services are areas of U.S. comparative advantage, 2) interest in U.S. cultural heritage products and separately in cultural heritage tourism services can be integrated to create a dynamic synergy and leverage U.S. Government resources, and 3) interest in cultural heritage products and services can be used as a tool for community development to build rural and minority economies and civic pride.

The Commercial Service has recently launched two successful initiatives, the Rural Export Initiative and the Global Diversity Initiative, that are specifically targeted toward developing export potential in rural and minority communities. These same communities are often the centers of vibrant U.S. cultural heritage activities that are attractive to the international tourism industry. By working cooperatively with TD's Travel and Tourism office, the Commercial Service can leverage its resources to combine its existing export promotion efforts with TD's new initiative to promote travel and tourism services to the same communities. US&FCS can offer its existing client base of companies that produce culturally-oriented products and services as a starting point for developing tourism services, and the Commercial Service can use TD's planned events as an additional springboard to promote culturally-oriented export products such as Native American and Appalachian handicrafts.

US&FCS, based on its record of successful experience and expertise in providing assistance to rural and diverse communities, will assist TD in selecting ten pilot communities in which to target tourism services and export product development. US&FCS and TD will design customized export counseling and community economic development projects for the selected pilot sites. Under the joint auspices of its Global Diversity Initiative and Rural Export Initiative, US&FCS will develop a specialized training program to help culturally-oriented SME businesses to get their products and services (including tourism services) export ready, assistance in developing an international marketing plan for cultural goods and services, and assistance in using E-Commerce technologies to export and market globally.

Funds will be applied to costs associated with formulating the initial assessments of communities to identify the pilot sites for development potential, travel required for visiting and working with the sites. Funds will also be applied to coordination activities with the Bureau of Indian Affairs, TD, and other groups, education and training programs, the purchase of data to develop research-based export promotional campaigns, the development, printing and distribution of manuals for members of the communities, attendance at trade shows, exhibits, press events and other promotional materials/programs for highlighting the communities. Contract assistance will be used to develop marketing and training materials.

This increase will enhance the accomplishment of the following DOC/ITA Strategic Theme, Goal, and Objective:

STRATEGIC THEME 1 - - ECONOMIC INFRASTRUCTURE

Broadening our trade constituency, particularly helping small- and medium-sized businesses.

GOAL A

Implement the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee.

OBJECTIVE

o Increase trade assistance targeted to small and medium-sized businesses.

Performance Measures:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
# Firms Participating	100	150	200	200	200
# New-to-Export Clients	10	15	15	15	15
# New-to-Market Clients	20	30	30	30	30

Cost and Benefits:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Capitalized	20	20	20	20	20
Uncapitalized	480	480	480	480	480
Total	500	500	500	500	500
Budget Authority	500	500	500	500	500
Outlays	350	450	500	500	500
FTE	0	0	0	0	0

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **U.S. & Foreign Commercial Service**
Subactivity: **The Cultural Heritage Community Development Export Initiative**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	0
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	0
12.1 Civilian personnel benefits (25.05%)	0
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	75
22 Transportation of things	25
23.1 Rental payments to GSA	0
23.2 Rental payments to others	20
23.3 Communications, utilities and miscellaneous charges	75
24 Printing and reproduction	100
25 Other services	155
25.3 Purchase from Government accounts	0
26 Supplies and materials	30
31 Equipment	20
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct Obligations	500

**Department of Commerce
International Trade Administration
U.S. and Foreign Commercial Service
Increase for FY 2001
Increasing Manufacturers Exports Through E-Exporting
(Dollar amounts in thousands)**

	<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Domestic OperationsPOS/BA	334	34,010	344	41,010	10	7,000
FTE/Obl.	325	34,010	332	41,010	7	7,000

Increasing Manufacturers Exports Through E-Exporting (7 FTE/ \$7,000,000) - This increase is the US&FCS component of a joint proposal with Trade Development.

U.S. manufacturing businesses, especially small- and medium-sized enterprises (SMEs), are critical to U.S. economic vitality and global competitiveness. Although SMEs account for over 96 percent of all U.S. exporters, the dollar value of their exports account for *less than one third* of total U.S. merchandise exports. SMEs represent a broad opportunity for increased export sales and export-related job creation.

Preparing and positioning SME manufacturers to compete in an increasingly competitive international trade environment is a high Administration priority. This initiative launches a comprehensive E-Commerce program to close the gap between manufacturer export potential and actual performance and deploy a next-generation trade promotion strategy made possible by E-Commerce. This initiative aligns Federal export promotion programs and strategies with the underlying industry trends and the global commercial environment emerging through E-Commerce. It incorporates in one program U.S. competitive strength and 'comparative international advantage' in advanced technology and communications, the new business framework arising from E-Commerce, the untapped export potential of SMEs, and the economic muscle of SMEs based on overall U.S. economic performance.

E-Commerce is the foundation of this initiative because it is a genuinely new and transforming method of service delivery that responds directly to the many historical and structural reasons SME manufacturers do not aggressively pursue international markets. These reasons include: geographic distance; additional time and cost perceived for international transactions; difficulty in identifying and evaluating overseas business partners; perceived risk; habitual focus on the local U.S. market; and cultural barriers and differences. E-Commerce presents a simple, quick, and realistic Commercial Service strategy for de-mystifying the international marketplace and developing market knowledge and business contacts at reduced cost and less risk. These are the ingredients that must be addressed to propel SME manufacturers to the next level of exporting.

The Manufactures E-Export Initiative is broken down into 3 different components operating in tandem to make the Digital Department concept a reality for U.S. SME manufacturers. The components -- all founded in E-Commerce technologies -- provide outreach to manufacturers and new client development, revolutionary export transaction-oriented tools for new and existing clients to sell internationally, and reformulation of all existing US&FCS core programs to reap efficiency and effectiveness benefits based on E-Commerce. Each component has been designed to link manufacturers 'upstream' to the next to provide a continuity of service at increasing levels of sophistication.

Broadening the Export Base (6 FTE/ \$1,800,000, total)

The projects under this component address challenges facing prospective SME manufacturer exporters. The advent of global connectivity and E-Commerce have created a new globalized business environment in which any company with an internet presence is a potential exporter. The objectives of these projects are to reach out to smaller and less-experienced businesses, create an awareness of the export assistance resources available, and assist those firms that have an interest in exporting but require additional business sophistication. These projects use a mix of traditional and web-based outreach strategies to reach new clients and provide them with the information and international context they require, as well as basic “starter” approaches to help them proceed internationally.

Enabling Smaller Manufacturers to Become “Export Ready” (4 FTE/ \$1,000,000) The Department’s US&FCS and Manufacturing Extension Partnerships (MEP) will collaborate to increase the number of smaller manufacturers that are prepared to export. US&FCS/Office of Domestic Operations will expand its current program of collaboration with NIST’s MEPs unit. Funds will be devoted to the creation of four specialized MEPs- liaison positions based in US&FCS Domestic field offices. The liaisons will work with the MEP centers within a given US&FCS region to develop and implement strategies to assist smaller manufactures increase the sophistication of their business processes in order to become “export ready”. The MEPs liaison positions will support US&FCS’ E-Commerce exporting initiatives and remain focused on applying E-Commerce solutions to export counseling for small manufacturers of high technology products. The MEPs liaison positions will be strategically distributed to key technology markets in the domestic field.

New to Export Outreach Conferences (2 FTE/ \$800,000) - US&FCS will host, with assistance from our partners and other units within ITA, a series of conferences to promote export assistance programs and services, disseminate information on how E-commerce is affecting exporting and making it easier for the small manufacturer, communicate knowledge of the benefits of exporting (*e.g.*, job creation, increased plant/resource utilization), and instill a global perspective on marketing among participants. As SMEs represent the most dynamic export sector of the economy, the seminars will focus on the important role SMEs have in expanding exports, creating jobs, and commercializing new technologies incorporating advanced materials in their product lines. In addition, these conferences will also address the global nature of growth, how being on the internet makes U.S. companies global whether they are ready or not, how exporting broadens firms’ horizons and mitigates slowing domestic demand, the fundamentals of going global, and the risks and benefits SMEs are afforded from export expansion.

US&FCS domestic field offices (U.S. Export Assistance Centers) will recruit a minimum of ten manufacturing firms from their regions who are not currently exporting, but produce products or services with overseas market potential. Each USEAC will conduct one outreach conference in FY 2001, for a total of 19 conferences. Conferences will be either on-location or conducted as video conferences, depending on the needs of the clients in each location.

To facilitate the goals of the conferences, MEPs will develop web-based “Starter Kits” which provide the basic information companies need to begin exporting products and services, in particular using E-Commerce methodologies. The Export Outreach Conferences will make extensive use of the Starter Kits as a teaching aid and provide hands-on training with developing a business plan for exporting. This program will concentrate on those partnerships which assist manufacturers to take advantage of the growth of E-Commerce in international business.

Streamlined Exporting Process Through Internet-Based Infrastructure (\$1,900,000 total)

The projects in this component are designed to lower administrative and process barriers to exporting for SME manufactures. These projects will streamline the exporting process through creating an Internet-based infrastructure and enhancing current digital infrastructure resources. These projects will be coordinated with and linked to trade-related Administration "Access America" efforts.

Exporting Documents and Transactions (\$1,400,000) - In support of the Secretary's commitment to making Commerce a paperless department by FY 2002, US&FCS will create on its web site a comprehensive source for U.S. and foreign country export documentation that U.S. companies need to execute international transactions. The database will include source documents with relevant portions translated and instructions for filling out forms. Materials will be available to be downloaded by the client. Electronic forms will be organized by country and will include information for filing electronically with foreign countries, if available, relevant e-mail points of contact, and other electronic links to other countries' customs bureaus.

As part of the Digital Documentation Project, US&FCS will partner with the other Commerce bureaus that are developing E-Commerce services for exporters. US&FCS will partner with the Bureau of Export Administration (BXA) to link our digital document files with BXA's new Simplified Network Application Process (SNAP) service that allows companies to apply for export licenses on-line. US&FCS will also partner with the Census Bureau to link our clients with Census' Automated Export System (AES), which acts as a central point through which export shipment data required by multiple government agencies are filed electronically with U.S. Customs.

US&FCS will engage a contractor to develop and maintain the necessary platform on US&FCS' web-site. Support of the platform will be provided on a dedicated server.

Database of Import Taxes, Tariffs, and Other Regulatory (\$500,000) US&FCS and TD will develop and maintain on its web site a comprehensive database of import taxes, tariffs, and other regulatory data to help U.S. manufacturers determine product pricing, anticipate and comply with foreign market entry requirements, and expedite business transactions. The database will identify by Harmonized System number the specific duty rates, border taxes, and other charges required for American-produced merchandise to enter specific foreign markets. Where feasible, hot-links will enable users to contact directly the in-country authorities necessary to obtain additional importing information. The database will contain a full range of specific information for each country covered, with particular emphasis on the acceptability/availability of transactions via E-Commerce media and current information regarding legislative and/or regulatory issues (e.g., legal acceptance of electronic contracts, electronic signatures, taxation of E-Commerce transactions).

In FY 2001, US&FCS will construct the database and provide detailed information for the top 30 trading partners based on merchandise exports. Over a three-year period, we will expand our coverage to include 60-70 countries. The database will allow the manufacturer to retrieve tariff and regulatory information both by country and product. Currently, the European Union (EU) provides this service to EU member companies free of charge and is adding another module that offers online customs documentation translated for their use. In contrast, U.S. SMEs who need tariff rates and customs information for market analysis, pricing, and shipping are dependent on the hard copy source material prepared by the U.S. Department of Commerce and available from numerous, dispersed sources, including the federal government, freight forwarders, Federal Depository libraries, and others. The E-Commerce Digital Documentation System will enable US&FCS to achieve parity with competitor nations and eventually eclipse the level of services that they already provide to their businesses, and will encourage U.S. companies to integrate web-based E-Commerce into their business routines.

E-Exporting Tools for Manufacturing Exporters (1 FTE/ \$3,300,000 total)

These projects will upgrade US&FCS' Internet infrastructure, enabling it to support e-exporting tools such as virtual trade missions, and (continuously available) multi-media web-based export training modules and trade video library.

US&FCS Web Site Enhancement Project (\$1,300,000) US&FCS will enhance the design and functionality of its current web site network to showcase its E-Commerce products, services, and reference tools,. Funds will be used to engage contractors to assist in web site enhancement projects and overall system coordination. An additional server will be purchased to support the new web sites, as well as additional bandwidth for this project. Funds will also be applied to train US&FCS field personnel in web maintenance operations and to pay registration fees for on-line business directory listings. In addition to the main web site, this project will also include enhancements for field office web sites. Presently, US&FCS' field office Internet presence is inconsistent. Under the Enhancement Project, all web sites will be designed with a similar look and feel that will promote efforts to "brand" the organization's products and services.

Virtual Trade Exhibitions (1FTE/ \$1,100,000) The E-Expo USA pilot program is a low-cost vehicle for our SME clients to market themselves globally via the Internet. The Virtual Trade Show (VTS), currently hosting 630 exhibitors, serves as an online shopping mall catering to the business-to-business transaction sector. U.S. companies use E-Expo USA for several purposes: international marketing via the Internet, pre-event promotion for a traditional trade show, as an additional promotional tool during a traditional trade show, and for post-show promotion. DOC would devote staff and resources to enhance the capabilities of E-Expo USA and migrate it out of the pilot phase and into full operation. In addition to allowing SME clients to effectively market their products and services via the Internet, E-Expo USA should demonstrate and facilitate to SME's how to seamlessly export through an electronic medium.

Web-based Export Training Modules/Trade Webcast Library (\$900,000) US&FCS will develop, in cooperation with other Federal agencies, a series of Web-based training modules addressing the most pressing need of U.S. manufacturers from the standpoint of entering markets and closing transactions. The Export Training Modules will leverage resources by using and enhancing US&FCS' existing distance-learning platform . Availability of the modules on the Commercial Service Website will ensure maximum exposure to US&FCS clients and other Federal partners. While Export Training Modules will be provided on a fee basis, US&FCS will also develop a series of informative E-Commerce video programs that target the information needs of U.S. manufacturing exporters and will form the basis of an E-Commerce resource library available on-line for free.

This increase will enhance the accomplishment of the following DOC/ITA Strategic Themes, Goals, and Objectives:

STRATEGIC THEME 1 - ECONOMIC INFRASTRUCTURE

Build for the future and promote U.S. competitiveness in the global market, by strengthening and safeguarding the nation's economic infrastructure.

GOAL A: Implement the President's National Export Strategy.

OBJECTIVE

Strengthen trade advocacy, trade promotion and the Trade Promotion Coordinating Committee

OBJECTIVE

More closely align trade objectives with U.S. foreign policy.

GOAL B: Enforce U.S. trade laws and agreements to promote free and fair trade.

OBJECTIVE

Expand trade law enforcement and compliance monitoring

Performance Measures:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Technical Conferences and Seminars Held	20	24	29	35	42
Clients Counseled	2,050	2,460	2,952	3,542	4,251
Increase in average monthly hits on US&FCS web sites	25%	25%	25%	25%	25%
% of US&FCS clients using E-Commerce for Exporting	20%	40%	60%	80%	85%
Number of New-t-Market SME Manufacturers	300	360	432	518	622
Number of New-to-Export SME Manufacturers	200	40	288	346	415

Cost and Benefits:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Capitalized	590	450	450	450	450
Uncapitalized	6,410	6,711	6,711	6,711	6,711
Total	7,000	7,161	7,161	7,161	7,161
Budget Authority	7,000	7,161	7,161	7,161	7,161
Outlays	4,900	6,413	7,145	7,161	7,161
FTE	7	9	9	9	9

**Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL**

Exhibit 14

Activity: **U.S. & Foreign Commercial Service**
Subactivity: **Increasing Manufacturers Exports Through E-Exporting**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
International Trade Specialist	GS-14	4	71,954	287,816
International Trade Specialist	GS-13	4	60,890	243,560
International Trade Specialist	GS-12	2	51,204	102,408
Total		<u>10</u>		<u>633,784</u>
Less Lapse (25.00%)		<u>(3)</u>		<u>158,446</u>
Total full-time permanent:		<u>7</u>		<u>475,338</u>
FY 2001 Pay Adjustment (3.7%)				<u>17,588</u>
				<u>492,926</u>

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	7
Other than full-time permanent	<u>0</u>
Total	<u>7</u>

Authorized Positions:

Full-time permanent	10
Other than full-time permanent	<u>0</u>
Total	<u>10</u>

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **U.S. & Foreign Commercial Service**
Subactivity: **Increasing Manufacturers Exports Through E-Exporting**

<u>Object class</u>	<u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	493
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	493
12.1 Civilian personnel benefits (Domestic 25.05%)	123
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	114
22 Transportation of things	40
23.1 Rental payments to GSA	210
23.2 Rental payments to others	55
23.3 Communications, utilities and miscellaneous charges	1,011
24 Printing and reproduction	60
25 Other services	4,072
25.3 Purchases from Government accounts	90
26 Supplies and materials	142
31 Equipment	590
32 Lands and structures	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct Obligations	7,000

**Department of Commerce
International Trade Administration
U.S. and Foreign Commercial Service (US&FCS)**

Increase for FY 2001

**US&FCS Component: Clean Energy and Environmental Exports Initiative
(Dollar amounts in thousands)**

	<u>FY 2001 Base</u>		<u>FY 2001 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
International Operations..... POS/BA	944	143,216	946	143,616	2	400
FTE/Obl.	853	143,216	854	143,616	1	400

US&FCS Component: Clean Energy and Environmental Exports Initiative (1 FTE / \$400,000) -- This increase is the US&FCS component of a joint proposal with Trade Development.

Development of international clean energy and environmental markets is critical to achieving global sustainable development and to supporting greater U.S. economic growth, jobs, and exports. The clean energy and environmental sectors are rapidly growing worldwide. The global market for these sectors is estimated at about \$484 billion in 1998 and is projected to reach \$600 billion by 2010.

Competition for this burgeoning market is fierce. Despite the U.S. industry's vast experience and technological leadership in these sectors, it is not realizing its full commercial potential in the international market. U.S. industry currently exports a much smaller share of the total output of these sectors, proportionally far less than our competitors. Although environmental exports have increased markedly over the past 4 years, an expanded and updated approach to this sector is now needed in order to refocus attention on one of the most critical aspects of environmental need -- clean energy and energy efficiency. Enhanced coordination of governmental activities, specialized export promotion products and services, and the establishment of specific quantifiable targets for increased U.S. exports are also needed.

This initiative will provide assistance to a selected emerging market to improve its institutional capacity, regulatory framework, and technology expertise, leading to expanded clean energy and environmental markets, and stronger environmental performance in the target country. In developing this technical assistance program, ITA will build public-private partnerships, relying heavily on U.S. and overseas trade associations, universities, non-profit organizations, and U.S. clean energy and environmental companies. We will seek to leverage all relevant existing government programs and investments in the target countries, working through the TPCC's Environmental Trade Working Group.

To enhance its participation in this sector, the Commercial Service will initiate a pilot program to promote U.S. clean energy and environmental exports in China. Rapid industrialization in China has resulted in an compelling need for products that will aid in environmental clean-up efforts. Additionally, China's large population speaks to the need for developing clean and efficient sources of energy for the future. These two factors, and the market potential that they represent, make China an excellent country in which to pilot a new environmental export promotion project. US&FCS will assigned one Foreign Service Officer to Beijing who will be specifically dedicated to market research and promotion in the environmental sector. (\$300,000)

Additionally, US&FCS will support TD's efforts in the Environmental Technologies sector by creating and implementing a new training program that will focus on the special needs and interests of the clean energy and environmental sectors. Training will be designed for US&FCS domestic trade specialists, Commercial Service Officers, and Foreign Service Nationals - especially members of the Environmental Team. Training will be conducted through in-person attendance at seminars, and will also be available on the Commercial Service's distance-learning platform for all interested Department personnel to use as a primary resource for information about these industries. (\$100,000)

This increase will enhance the accomplishment of the following DOC/ITA Strategic Theme, Goal, and Objective:

STRATEGIC THEME 1 - - ECONOMIC INFRASTRUCTURE

Broadening our trade constituency, particularly helping small- and medium-sized businesses.

GOAL A

Implement the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee.

OBJECTIVE

o Increase trade assistance targeted to small and medium-sized businesses.

Performance Measures:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
#Clients Counseled	60	80	80	80	80
# New-to-Market (Environmental product sales)	10	15	15	15	15

Cost and Benefits:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Capitalized	60	40	40	40	40
Uncapitalized	340	438	438	438	438
Total	400	478	478	478	478
Budget Authority	400	478	478	478	478
Outlays	280	414	470	478	478
FTE	1	2	2	2	2

**Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE PERSONNEL DETAIL**

Exhibit 14

Activity: **U.S. & Foreign Commercial Service**
Subactivity: **US&FCS Component: Clean Energy and Environmental Exports Initiative**

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Foreign Service Officer	FS-02	2	68,582	137,164
Total		2		137,164
Less Lapse (Foreign= 50%)		(1)		(68,582)
Total full-time permanent:		1		68,582
2001 Pay Adjustment (3.7%)				2,538
Total				71,120

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	1	
Other than full-time permanent		0
Total	1	

Authorized Positions:

Full-time permanent	2	
Other than full-time permanent		0
Total	2	

Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Exhibit 15

Activity: **U.S. & Foreign Commercial Service**
Subactivity: **US&FCS Component: Clean Energy and Environmental Exports Initiative**

Object class	Increase
11 Personnel compensation	
11.1 Full-time permanent	71
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	71
12.1 Civilian personnel benefits - FS (45%)	32
13.0 Benefits for former personnel	0
21 Travel and transportation of persons	20
22 Transportation of things	15
23.1 Rental payments to GSA	14
23.2 Rental payments to others	40
23.3 Communications, utilities and miscellaneous charges	14
24 Printing and reproduction	0
25. Other services (ICASS)	107
25.3 Purchases from Govt Accounts	17
26 Supplies and materials	10
31 Equipment	60
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct Obligations	400

**Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)**

Activity: **International Trade**
Subactivity: **Executive Direction/Administration**

		2000									
		1999		Currently		2001		2001		Increase/	
		Actual		Available		Base		Estimate		(Decrease)	
		<u>Pers.</u>	<u>Amount</u>	<u>Pers.</u>	<u>Amount</u>	<u>Pers.</u>	<u>Amount</u>	<u>Pers.</u>	<u>Amount</u>	<u>Pers.</u>	<u>Amount</u>
Executive Direction/Administration	Exec. Dir./Admin.										
	Pos./BA	143	11,645	143	12,083	144	16,324	144	16,324	0	0
	FTE/Obl.	143	12,076	143	12,099	144	16,324	144	16,324	0	0
	POS./BA	143	11,645	143	12,083	144	16,324	144	16,324	0	0
	FTE/Obl.	143	12,076	143	12,099	144	16,324	144	16,324	0	0

**Department of Commerce
International Trade Administration
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE FOR
EXECUTIVE DIRECTION AND ADMINISTRATION**

Goals and Objectives for FY 2001

Goals: ITA's Executive Direction and Administration units' goals are to provide the proper conditions so that ITA units can achieve their goals of implementing the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee, enforcing U.S. trade laws and agreements to promote free and fair trade, and strengthening and institutionalizing trade advocacy efforts.

Objectives: Executive Direction and Administration achieve their goals by providing overall policy guidance and leadership, program oversight, and administrative services required by operating units ITA-wide.

Base Program

The Executive Direction and Administration units of ITA provide organization-wide overall policy leadership, program oversight, and administrative services to ITA operational units. Executive Direction, headed by the Under Secretary for International Trade, also includes the Deputy Under Secretary for International Trade who directs the actions of the CFO and the Director of Administration, the Office of Legislative and Intergovernmental Affairs, the Office of Public Affairs, the Counselor to the Department, and the Trade Promotion Coordinating Committee Secretariat. In addition to providing overall policy leadership, Executive Direction also acts as the main point of contact between ITA and the Department of Commerce, other portions of the Federal Government, State and local governments, and the general public in describing ITA policies. Their functions are described below:

Office of the Under Secretary and Deputy Under Secretary for International Trade (U/S) -- provides coordination of all issues and programs concerning trade administration, international trade and commercial policy and trade development; provides representation on the National Economic Council Deputies, the Trade policy Review Group, and as ex-officio member of the Board of the Export-Import Bank of the U.S., and, as assigned, serves on all other Secretarial - level boards, committees or panels of which the primary focus is international trade.

Office of Legislative and Intergovernmental Affairs (OLA) -- provides attendance at hearings, markups, and the House-Senate conference; arranges for interaction with members of Congress, their staffs and staffs of Congressional Committees; prepares letters, memoranda, reports, and briefings of Departmental witnesses; informs the Congress of the Administration/Departmental position on legislation; informs Departmental Officials of legislative initiatives; informs Congress of Departmental programs; and responds to Congressional inquiries.

Office of Public Affairs (OPA) -- manages the ITA public affairs issues and publications; informs the press and the U.S. business community about the services ITA provides to help expand U.S. exports and jobs; provides news releases which detail new trade initiatives and policies; reports on new countervailing and antidumping charges and investigations; seeks opportunities to place qualified ITA officials before appropriate press and business

audiences in the U.S. and around the world to discuss the crucial role U.S. exports trade plays in the balance of payments and increased employment.

Administration, headed by the Chief Financial Officer (CFO) and Director of Administration, consists of four offices (Human Resources Management, Financial Management, Information Resources Management, and Organization and Management Support) and provides required administrative services to all portions of ITA. Their functions are described below:

Office of the CFO and the Director of Administration (DOA/CFO) -- provides overall management of ITA administrative services and provides coordination of ITA administrative matters with the Assistant Secretary for Administration, the Inspector General, and other Department officials.

Office of Financial Management (OFM) -- provides planning, coordination budget and accounting functions for ITA; serves as ITA's principal contact on financial matters with the department, OMB, Treasury, GAO, Budget and Appropriations committees of the Congress, and other member agencies of the Joint Financial Management Improvement Program.

Office of Human Resources Management (OHRM) -- provides advice and guidance to managers and employees on matters which affect their daily well-being. Issues include: 1) rights, benefits, privileges, obligations and responsibilities relative to such areas as disciplinary matters, appeals and grievances, health and life insurance, blood donor programs, injury compensation, death benefits, retirement, leave, security, safety, and performance appraisals; 2) provide office management/oversight needed to integrate activities and interests of separate functional areas; manage fiscal resources; develop staff papers for senior management support to Department activities; 3) provide professional staffing classification, and employee relations assistance to professional staff, ADP interface/input, administration of personnel data system, and records processing maintenance activities; 4) evaluate, establish, and fill ITA competitive and excepted service positions through hiring, reassignment, or promotion at proper levels with the best qualified candidates consistent with merit requirements and affirmative action programs; and 5) enhance career development training for ITA employees at all levels; oversee performance appraisal system requirements; administer awards system to recognize superior outputs and accomplishments.

Office of Information Resources Management (OIRM) -- implements a program of ADP management and planning, including office automation; to manage and operate an ITA local area network, a remote data center access facility, and a Telecommunications Center serving ITA and other Commerce operating units for overseas communications through the Department of State network and also to provide the duty officer required by Presidential Directive 27; to staff an Operations Center which analyzes incoming cables and summarizes most important messages for key policy making officials; to conduct the ITA Security Program; and to provide consulting technical assistance, and liaison on information technology matters.

Office of Organization and Management Support (OOMS) -- provides management analysis and support programs for ITA; monitors resource expenditures and service levels of administrative services provided centrally through the Working Capital Fund and reimbursable agreements; resolve service delivery problems and achieve cost reduction for these services; conduct records; committees, forms and information collection management programs; operate ITA's controlled correspondence process; and manage ITA's directives system.

Department of Commerce
International Trade Administration
Operations and Administration
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Direct obligations in thousands)

Exhibit 16

		1999	2000	2001	2001	Increase/
		<u>Actual</u>	<u>Currently Available</u>	<u>Base</u>	<u>Estimate 1/</u>	<u>(Decrease)</u>
<u>Object Class</u>						
11	Personnel compensation					
11.1	Full-time permanent	127,081	124,405	130,305	138,786	8,481
11.3	Other than full-time permanent	4,952	5,055	5,114	5,114	0
11.5	Other personnel compensation	2,850	2,848	2,848	2,848	0
11.8	Special personnel services payments	<u>1,688</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
11.9	Total personnel compensation	136,751	132,508	138,467	146,948	8,481
12.1	Civilian personnel benefits	30,398	30,236	30,864	33,002	2,138
13	Benefits for former personnel	1,094	600	600	600	0
21	Travel and transportation of persons	12,155	11,442	8,681	12,013	3,332
22	Transportation of things	1,131	1,365	1,123	1,382	259
23.1	Rental payments to GSA	14,076	14,796	15,646	17,033	1,387
23.2	Rental payments to others	8,891	9,494	8,181	8,566	385
23.3	Communications, utilities & miscellaneous charges	13,769	10,457	7,073	9,721	2,648
24	Printing and reproduction	2,633	2,492	2,003	2,492	489
25.1	Consulting Services	322	500	500	500	0
25.2	Other services	37,134	43,970	47,223	63,984	16,761
25.3	Purchases of goods and services from Gov't accounts	33,013	34,497	43,059	44,166	1,107
26	Supplies and materials	5,201	4,681	4,424	5,119	695
31	Equipment	8,392	7,501	5,653	8,471	2,818
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	12,305	14,255	1,500	3,000	1,500
42	Insurance claims and indemnities	32	50	50	50	0
43	Interest and dividends	31	100	100	100	0
44	Refunds	102	0	0	0	0
91	Unvouchered	0	0	0	0	0
92	Undistributed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
99	Total Obligations	317,430	318,944	315,147	357,147	42,000

1/ Object class differs slightly from that reflected in the President's Budget Appendix due to updated estimates.

Department of Commerce
International Trade Administration
Operations and Administration
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Direct obligations in thousands)

	<u>1999 Actual</u>	<u>2000 Currently Available</u>	<u>2001 Base</u>	<u>2001 Estimate</u>	<u>Increase/ (Decrease)</u>
<u>Personnel Data</u>					
Full-time Equivalent Employment:					
Full-time permanent	2,173	2,204	2,209	2,354	145
Other than full-time permanent	<u>110</u>	<u>110</u>	<u>110</u>	<u>110</u>	<u>0</u>
Total	2,283	2,314	2,319	2,464	145
Authorized Positions:					
Full-time permanent	2,443	2,451	2,456	2,653	197
Other than full-time permanent	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>	<u>0</u>
Total	2,518	2,526	2,531	2,728	197

Department of Commerce
International Trade Administration
Operations and Administration
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

		2001			
		Adjustments		2001	2001
		to		Base	Estimate
		Base			Increase/
					(Decrease)
11	Personnel Compensation				
11.1	Full-time Permanent				
	Executive level	18	644	644	0
	Senior executive	133	4,750	4,750	0
	General schedule	3,294	77,988	86,398	8,410
	Senior foreign service	79	2,847	2,847	0
	Foreign service staff	1,672	18,813	18,884	71
	Foreign service nationals	<u>704</u>	<u>25,263</u>	<u>25,263</u>	<u>0</u>
	Subtotal	5,900	130,305	138,786	8,481
11.3	Other than full-time permanent				
	General schedule	59	5,114	5,114	0
	Experts and consultants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal	59	5,114	5,114	0
11.5	Other personnel compensation				
	Overtime	0	1,728	1,728	0
	Cash awards	<u>0</u>	<u>1,120</u>	<u>1,120</u>	<u>0</u>
	Subtotal	0	2,848	2,848	0
11.8	Special personnel service payments				
	Foreign service officers (State)	0	200	200	0
	Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal	0	200	200	0
11.9	Total personnel compensation	5,959	138,467	146,948	8,481
12.1	Civilian personnel benefits				
	Civil service retirement	(338)	2,468	2,468	0
	Federal employees' retirement	190	8,158	9,085	927
	Thrift savings plan	79	2,411	2,603	192
	Federal insurance contribution act	320	6,402	7,017	615
	Health insurance	522	4,313	4,702	389
	Life insurance	0	211	226	15
	Employees' compensation fund	(145)	688	688	0
	Other	<u>0</u>	<u>6,213</u>	<u>6,213</u>	<u>0</u>

		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease)
	Subtotal	628	30,864	33,002	2,138
13	Benefits for former personnel				
	Severance pay	0	600	600	0
	Unemployment compensation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal	0	600	600	0
21	Travel and transportation of persons				
	Common carrier	239	4,001	5,556	1,555
	Milage	0	240	300	60
	Per diem/actual	0	3,604	4,804	1,200
	Vehicular	0	103	128	25
	Other	0	733	1,225	492
	[Overseas estimates]	<u>[42]</u>	<u>[3,021]</u>	<u>[3,063]</u>	<u>[42]</u>
	Subtotal	239	8,681	12,013	3,332
22	Transportation of things	8	1,123	1,382	259
	[Overseas estimates]	[4]	[609]	[636]	[27]
23.1	Rental payments to GSA	2,196	15,646	17,033	1,387
23.2	Rental payments to others	137	8,181	8,566	385
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP Equipment	0	256	751	495
	Rental of office copying equipment	0	498	793	295
	Other equipment rental	0	687	842	155
	Federal telecommunications system	0	579	628	49
	Other telecommunications services	0	3,002	4,107	1,105
	Postal services by USPS	0	806	927	121
	Other	16	1,245	1,673	428
	[Overseas estimates]	<u>[5]</u>	<u>[6,770]</u>	<u>[6,770]</u>	<u>[,0]</u>
	Subtotal	16	7,073	9,721	2,648
24	Printing and reproduction				
	Publications	0	801	1,001	200
	Public use forms	0	110	120	10
	Envelopes	0	24	29	5
	Other	61	1,068	1,342	274
	[Payments to GA, WCF]	[0]	[1,749]	[1,749]	[0]
	[Overseas estimates]	<u>[4]</u>	<u>[435]</u>	<u>[435]</u>	<u>[0]</u>

		2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ (Decrease)
	Subtotal	61	2,003	2,492	489
25.1	Consulting services	0	500	500	0
25.2	Other services				
	Training				
	University	0	289	349	60
	Other	0	1,152	1,352	200
	Maintenance of equipment	0	2,054	2,449	395
	Other non-governmental contracts	0	14,059	23,604	9,545
	Representation	0	391	391	0
	Other	2,872	29,278	35,839	6,561
	[Overseas estimates]	<u>2,453</u>	<u>13,799</u>	<u>11,799</u>	<u>[0]</u>
	Subtotal	2,872	47,223	63,984	16,761
25.3	Purchase of goods and services from Gov't. accounts				
	Office of Personnel Management Training	0	88	88	0
	GSA reimbursable services	0	200	200	0
	Commerce Administrative Management Systems (CAMS)	783	750	750	0
	Payment to GA, WCF	1,391	17,009	18,011	1,002
	Dept of Interior	2,175	2,075	2,075	0
	Foreign Affairs Administrative Support (ICASS)	<u>2,900</u>	<u>22,937</u>	<u>23,042</u>	<u>105</u>
	Subtotal	7,249	43,059	44,166	1,107
26	Supplies and materials				
	Office supplies	0	1,799	2,092	293
	ADP supplies	0	1,148	1,303	155
	Other	43	1,477	1,724	247
	[Overseas estimates]	<u>[7]</u>	<u>[1,827]</u>	<u>[1,837]</u>	<u>[10]</u>
	Subtotal	43	4,424	5,119	695
31	Equipment				
	Office machines and equipment	0	1,530	1,840	310
	ADP hardware	0	2,053	3,253	1,200
	ADP software	0	1,023	1,653	630
	Other	52	1,047	1,725	678
	[Overseas estimates]	<u>[16]</u>	<u>[3,066]</u>	<u>[3,166]</u>	<u>[100]</u>
	Subtotal	52	5,653	8,471	2,818
32	Lands and structures	0	0	0	0
33	Investments	0	0	0	0
41	Grants, subsidies and contributions	(12,755)	1,500	3,000	1,500
42	Insurance claims and indemnities	0	50	50	0
43	Interest and dividends	0	100	100	0
44	Refunds	0	0	0	0
99	Total Obligations	7,699	315,147	357,147	42,000

Appropriation Language and Code Citations:

Exhibit 33

1. "For necessary expenses for international trade activities of the Department of Commerce, provided for by law, and engaging in trade promotional activities, including expenses of grants and cooperative agreements for the purpose of promoting of United States firms,

15 U.S.C. 649b
15 U.S. C. 1501 et seq.
15 U.S. C. 1871
15 U.S. C. 4001 et seq.
15 U.S. C. 4011 et seq.
19 U.S. C. 8 la et seq.
19 U.S. C. 1202
19 U.S. C. 1202 nt.
19 U.S. C. 1303
19 U.S. C. 1671 et seq.
19 U.S. C. 1673 et seq.
19 U.S. C. 2031

19 U.S.C. 2155
19 U.S.C. 2354
19 U.S. C. 2411 et seq.
22 U.S. C. 3901 et seq.
22 U.S. C. 2451 et seq.
22 U.S. C. 2651 et seq.
22 U.S. C. 3101 et seq.

15 U.S.C. 649b authorizes the Secretary of Commerce to award grants (including contracts and cooperative agreements) to encourage the development and implementation of small business international marketing programs.

15 U.S.C. 1501 et seq. provides the basic authority for performance of those functions and activities of ITA which promote an improved trade posture for United States industry.

15 U.S. C. 1871 provides the authority for an annual, comprehensive assessment of the state of the automobile industry and its interaction in an integrated economy.

15 U.S.C. 4001 et seq., 4011 et seq. (Export Trading Company Act of 1982) requires the establishment of an antitrust certification program and the

promotion of export trading companies.

19 U.S.C. 81a et seq. establishes the Foreign-Trade Zones Board and designates the Secretary of Commerce as chairman and executive officer of the Board.

19 U. S.C. 1202 general note provides the Department of Commerce with the authority to develop, maintain, and publish a list of bona fide motor-vehicle manufacturers.

19 U.S. C. 1202 notes provides authority for two import control programs, the Watch Quota program and the Florence Agreement program.

19 U.S. C. 1303 authorizes the investigation as to whether a foreign government has paid or is paying a bounty or grant upon the manufacture, production, or export of merchandise imported into the United States, and if so, requires the determination and imposition of countervailing duties upon such merchandise. This section is limited to merchandise from a country not covered by the Agreement on Subsidies and Countervailing Measures or from a country which has not assumed obligations similar to those contained in such Agreement.

19 U.S.C. 1671 et seq. authorizes the investigation as to whether a foreign government has paid or pays a subsidy upon the manufacture, production, or export of merchandise imported into the United States, and if the International Trade Commission finds requisite injury, requires the determination and imposition of countervailing duties upon such merchandise. This section applies to merchandise from countries covered by the Agreement on Subsidies and Countervailing Measures or from countries which have assumed obligations similar to those contained in the Agreement.

19 U.S. C. 1673 et seq. authorizes the investigations as to whether foreign merchandise is, or is likely to be, sold in the United States at less than fair value and, if so, and if the International Trade Commission finds requisite injury, requires the determination and imposition of antidumping duties upon such merchandise.

19 U.S. C. 2031 provides the authority to promulgate rules and regulations pertaining thereto under the Automotive Products Trade Act of 1965 (19 U. S. C. 2001 et seq.).

19 U.S.C. 2155 authorizes the President to organize through the U.S. Trade Representative and the Secretaries of Commerce, Labor, Agriculture, the Treasury, or other executive departments, as appropriate, general policy advisory committees composed of representatives of all industry, labor, agricultural, service, investment, defense, and other interests.

19 U.S.C. 2155 also authorizes the President to organize, through the U.S. Trade Representative and the Secretaries of Commerce, Labor, Agriculture, the Treasury, or other executive departments, as appropriate, sectoral or functional advisory committees composed of representatives from industry, labor, agriculture, and services. These committees provide policy and technical advice on international trade negotiating objectives and bargaining positions, the operation of trade agreements, and with respect to other matters involving the development, implementation, and administration of U.S. trade policy.

19 U.S.C. 2354 requires the Bureau of Industrial Economics to prepare studies, reports, and information activities for the Secretary of Commerce in response to investigations and findings of the International Trade Commission under 2252 of Title 19 to determine eligibility for adjustment assistance, except that reports to be submitted to the President shall be issued by the Secretary, and responsibility for assistance in preparation and processing of petitions and applications under Subsection 264 (c) shall be vested in the Assistant Secretary for Economic Development.

19 U.S. C.2411 et seq. provides procedures for determinations and actions to be taken to enforce the rights of the United States under any trade agreement, or to respond to any act, policy, or practice of a foreign country that is inconsistent with the provisions of any trade agreement, that burdens or restricts United States commerce.

22 U.S.C. 3901 et seq., the Foreign Service Act of 1980 consolidated and revised the laws relating to the Administration and operations of the Foreign Service of the United States. Under Reorganization Plan No. 3 of 1979 and Executive Order 12188, the Secretary was authorized to establish and administer the Foreign Commercial Service and to utilize therefore the authorities of the Foreign Service Act.

22 U.S.C. 2451 et seq. authorizes the President to provide for U.S. participation in international fairs and expositions, including trade and industrial fairs and other public or private demonstrations of U.S. economic accomplishments. ITA provides a wide range of trade exhibitions overseas.

22 U.S.C. 2651 et seq. establishes the Department of State and provides authority for a number of overseas operations. Reorganization Plan No. 3 of 1979 and Executive Order 12188 authorize the utilization of certain of these authorities in connection with the operation of the Foreign Commercial Service.

22 U.S.C. 3101 et seq. authorizes the President to conduct surveys and studies of both United States direct investment abroad as well as foreign direct and portfolio investment in the United States. ITA monitors, analyzes, and reports to Congress on specific aspects of international investment which may have significant implications for the economic welfare and national security of the United States.

40 U.S.C. 512 provides authority for the administration of the Foreign Excess Property program.

2. “ without regard to the provisions of law set forth in 44 U.S.C. 3702 and 3703;

No Specific Authority

44 U.S.C. 3702 specifies that an executive department may not publish or pay for advertisements without written authority from the head of that department.

The nature of ITA's overseas exhibition program requires maximum flexibility in advertising requirements since exhibitions may be changed, added, or canceled. When such changes take place, advertisements must be placed as soon as possible to inform the local business community. This exception from 44 U.S.C. 3702 will provide the flexibility which is required to effectively advertise for these exhibitions.

44 U.S.C. 3703 stipulates that prices paid for advertising may not exceed the commercial rates charged to provide individuals, with the usual discounts. Since the United States Government does not have sovereign status in other countries and is charged commercial rates without the discounts required by 44 U.S.C. 3703, this exception is necessary to permit contracting in a manner which conforms to the realities of foreign advertising markets.

3. "full medical coverage for dependent members of immediate families of employees stationed overseas and employees temporarily posted overseas;"

No Specific Authority

This language permits the International Trade Administration to extend to certain of its overseas employees the same benefits afforded domestically employed Federal employees and employees of ITA's Foreign Commercial Service in equivalent positions overseas.

4. "travel and transportation of employees of the United States and Foreign Commercial Service between two points abroad, without regard to 49 U.S.C. 1517;"

No Specific Authority

In 1979, the Congress exempted Foreign Service agencies from the requirement that government travel between two points outside the United States be accomplished by U.S. air carrier. This phrase clarifies that the U.S. and Foreign Commercial Service is included in the exemption and overturns a Comptroller General decision to the contrary.

5. "employment of Americans and aliens by contract for services abroad;"

No Specific Authority

44 CG 761, OPM guidance, and House Report 89-188 have concluded that Federal agencies must have specific authority to employ personnel by contract. In order to present its overseas exhibitions ITA often requires the use of narrators, demonstrators, receptionists, clerical, and facilities maintenance personnel who speak the language of the host country; are familiar with local practices and procedures; or who only need to be employed for a short period of time. In some cases, however, it is more advantageous to employ U.S. citizens in the host country (generally members of an employee's family) because they have greater familiarity with American methods and, therefore, require less effort to train.

6. "rental of space abroad for periods not exceeding ten years, and expenses of alternation, repair, or improvements;"

No Specific Authority

Buildings, pavilions, and space in such structures must be rented for exhibitions. Rental terms are established by fair authorities. The program may desire to exhibit at certain fairs which support ITA's trade development objectives. The installation of exhibits in rented buildings requires that certain alterations and improvements be made. To limit expenditures for such alterations and improvements would seriously restrict the quality and effectiveness of the exhibitions.

7. “purchase or construction of temporary demountable exhibition structures for use abroad;”

No Specific Authority

40 U.S.C. 601 prohibits the construction of public buildings except by the Administrator of the General Services Administration. Authority to purchase or construct such demountable structures is necessary to allow ITA to present exhibitions overseas when permanent exhibition facilities are not available. 41 U.S.C. 10a permits the purchase of articles, materials, or supplies in foreign countries when they are to be used in that country.

8. “ payment of tort claims, in the manner authorized in the first paragraph of 28 U.S. C. 2672 when such claims arise in foreign countries;”

No Specific Authority

28 U.S. C. 2672 provides for settlement of tort claims for money damages of \$25,000 or less against the United States by the head of each federal agency for loss of property or personal injury or death caused by a negligent or wrongful act of any employee of the Government while acting within the scope of his employment in circumstances where the United States, if a private person, would be liable under local law. However, 28 U.S.C. 2680 exempts the settlement of tort claims which arise abroad from the provisions of 28 U.S.C. 2672. The language requested would exempt ITA from 28 U.S.C. 2680 and would cover the settlement of tort claims against the United States which arise in connection with the ITA's trade promotion activities abroad.

9. “ not to exceed \$327,000 for official representation expenses abroad;”

No Specific Authority

5 U.S.C. 5536 prohibits additional pay, extra allowances, or compensation unless the appropriation explicitly states that it is for such additional pay, extra allowances, or compensation.

10. “ purchase of passenger motor vehicles for official use abroad not to exceed \$30,000 per vehicle; obtain insurance on official motor vehicles, rent tie lines and teletype equipment;”

No Specific Authority

31 U.S.C. 1343 authorizes the purchase of passenger motor vehicles and purchase of motor vehicles for law enforcement use of the U.S. Capitol Police without regard to any price limitation otherwise established by law.

This section also prohibits the purchase of passenger motor vehicles unless specifically authorized by the appropriation concerned or other law with the exception of those for the use of the President of the United States, the secretaries to the President or the head of certain executive departments.

11. “\$305,431, 000 to remain available until expended, “

No Specific Authority

31 U.S.C. 1301(c) provides that an appropriation in a regular, annual appropriation law may be construed to be permanent or available continuously if the appropriation expressly provides that it is available after the fiscal year covered by the law in which it appears.

12. “Provided, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities without regard to section 5412 of the Omnibus Trade and Competitiveness Act of 1988 (15 USC4912);

No Specific Authority

22 U.S.C. 2455(f) provides authority to accept contributions of funds, property and services from foreign governments, international organizations and private individuals, firms, associations, agencies, and other groups in carrying out the activities concerned with exhibits pursuant to the Mutual Educational and Cultural Exchange Act of 1961.

22 U.S.C. 2458(c) provides authorization for all necessary expenditures involved in the selection, purchase, rental, construction, or other acquisition of exhibitions and the necessary supplies therefor.

This phrase provides for extension of this authority and permits ITA to collect funds for use in conducting trade promotion events abroad.

13. “and that for the purpose of this Act, contributions under the provisions of the Mutual Educational and Cultural Exchange Act shall include payment for assessments for services provided as part of these activities.”

Department of Commerce
International Trade Administration
Operations and Administration
CONSULTING AND RELATED SERVICES
(Obligations in thousands)

	1999 <u>Actual</u>	2000 <u>Estimate</u>	2001 <u>Estimate</u>
Management and professional support services	\$1,568	\$68	\$73
Studies, and analysis evaluations	15	15	20
Engineering and technical service	---	---	---
Total	\$1,583	\$83	\$93

ITA requires consulting services to meet relatively short-term requirements for industry and/or economic expertise. Because of various ITA programs which focus on very narrow areas (specific export promotion events, negotiations, antidumping and countervailing duty cases), it is preferable to maintain the ability to obtain short-term expertise rather than a permanent staff capacity. FY 1999 includes \$1,500 for program and accounting services provided by Price Waterhouse.

Management and professional services: These services provide technical expertise, interpretation and stenographic services.

Department of Commerce
International Trade Administration
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Exhibit 35

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS
(Obligations in thousands)

	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>	<u>2000</u> <u>Estimate</u>	<u>2001</u> <u>Estimate</u>
Periodicals	\$153	\$120	\$162	\$171
Pamphlets	334	177	176	178
Audiovisuals	---	---	---	---
Total ^{1/}	\$487	\$297	\$338	\$349

^{1/} Includes off-setting receipts as follows: FY 1998 = \$146, FY 1999 = \$91, FY 2000 = \$91, and FY 2001 = \$91.

ITA publications, periodicals as well as pamphlets, are one of the most essential tools through which the organization fulfills its mission to carry out the U.S. Government's nonagricultural trade activities, to encourage and promote U.S. exports of manufactured goods, administer U.S. statutes and agreements dealing with foreign trade, and to advise on U.S. international and domestic trade and commercial policy. Periodicals include Export America.

Individual publications including economic and market research studies, and foreign direct investment reports play an essential role in keeping the business public informed on particular aspects of the global business picture which ITA is charged with disseminating.

Department of Commerce
International Trade Administration
Operations and Administration
AVERAGE GRADE AND SALARIES

	<u>1999 Actual</u>	<u>2000 Estimate</u>	<u>2001 Estimate</u>
Direct:			
Average ES salary	\$112,972	\$118,395	\$122,776
Average GS grade	10.24	10.28	10.37
Average GS salary	\$44,261	\$46,386	\$48,102
Average grade and salary established by the Foreign Service Act of 1980 (U.S.C. 801-1158):			
Average Senior Foreign Service salary	\$113,542	\$118,992	\$123,395
Average Foreign Service grade	2.68	2.68	2.60
Average Foreign Service salary	\$54,055	\$56,650	\$58,746
Average salary in foreign countries	\$38,068	\$40,352	\$42,369